Manitoba

RURAL RESIDENTIAL DEVELOPMENT

IN

THE WINNIPEG REGION

MAY, 1990

A C K N O W L E D G E M E N T S

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1.0 INTRODUCTION

1.1 Background

On October 2, 1987 the Minister for Urban Affairs received a Plan Winnipeg amendment to redesignate lands in South St. Boniface from a "Rural" Policy Area to a "Large Lot Residential" Policy Area. Significant discussions took place at the provincial level as to the appropriateness of creating unserviced residential lots on the fringe of the City of Winnipeg. As a result of these discussions, on June 29, 1988, the provincial Interdepartment Planning Board (IPB) established a Technical Advisory Committee (TAC) to examine the issue of rural residential development in the Winnipeg region.

While the South St. Boniface Plan Winnipeg amendment can be cited as the impetus for establishing the TAC, the terms of reference were broadly defined to reflect a number of ongoing concerns related to rural residential development in the Winnipeg region. These concerns were first addressed in the early 1970's as part of the "Winnipeg Region Study". This study resulted in the adoption of the Provincial Land Use Policies as a regulation under **The Planning Act** in November 1980.

Over the past decade there has been a growing perception that the supply of rural residential lots may be out of proportion to demand, and that this form of development may be having an adverse impact on the management of resources and services. In addition, there has been an increasing concern that the planning processes in the region may be inadequate to address the challenges arising from this form of development. The task of the TAC is to assess whether these perceptions are in fact true, and what sort of approaches can be taken to ensure orderly, efficient and equitable development of rural residential lots in Winnipeg and the surrounding area.

1.2 Study Intent

The intent of the study is:

(i) to determine the nature of rural residential activity in Winnipeg and the adjacent rural municipalities;

(ii) to identify the problems associated with this activity; and

(iii) to give some direction on how these problems can be addressed.

The study Terms of Reference are attached as Appendix A.

1.3 Nature and Definition of Rural Residential Development

Rural residential development is the outcome of the search by people for an alternative living environment and life style to single family suburbia or other forms of urban homes. More often than not, rural residential development occurs in areas which offer attractive natural features or other amenities. The most common form of such development occurs around or in proximity to lakes, highways, rivers, woodlands, etc. In Canada and Manitoba, rural residential development is viewed as a legitimate land use which accommodates the "freedom of choice" for people to live where they want (Bryant, Russwurm & McLennan, 1982).

Generally, the term "rural residential" includes holdings outside built-up urban areas whose permanent occupiers depend upon non-farm employment. According to Bryant, Russwurm & McLennan (1982), the term is applied in Canada to holdings of 2 acres or less. A recent study of lot sizes in the Winnipeg area, prepared by the Provincial Planning Branch of the Department of Manitoba Rural Development, indicated that 72% of all rural residential lots in the Winnipeg Region are between 1/2 and 6 acres in size.

For the purposes of this study, rural residential development has been defined as follows:

> "Serviced or unserviced lots five acres or less in size excluding such lots in villages and hamlets outside the City of Winnipeg."

The five-acre lot size is intended to capture most of the rural residential subdivision activity occurring in the Winnipeg region, as well as the problems associated with this activity. Lots in villages and hamlets have been excluded because residential subdivisions are considered an integral part of the growth of these communities.

It should be noted that the definition used in this study varies from the definitions used by the City of Winnipeg and the Province through various policy documents.

1.4 Study Area

The study area is shown in Map 1. The study area includes the following municipalities:

The City of Winnipeg	R.M. of Springfield
R.M. of Cartier	R.M. of Taché
R.M. of St. Francois Xavier	R.M. of Ritchot
R.M. of Rosser	R.M. of Macdonald
R.M. of West St. Paul	R.M. of St. Andrews[1]
R.M. of East St. Paul	R.M. of St. Clement[1]

[1]Map 1 only shows parts of the R.M. of St. Andrews and the R.M. of St. Clements.

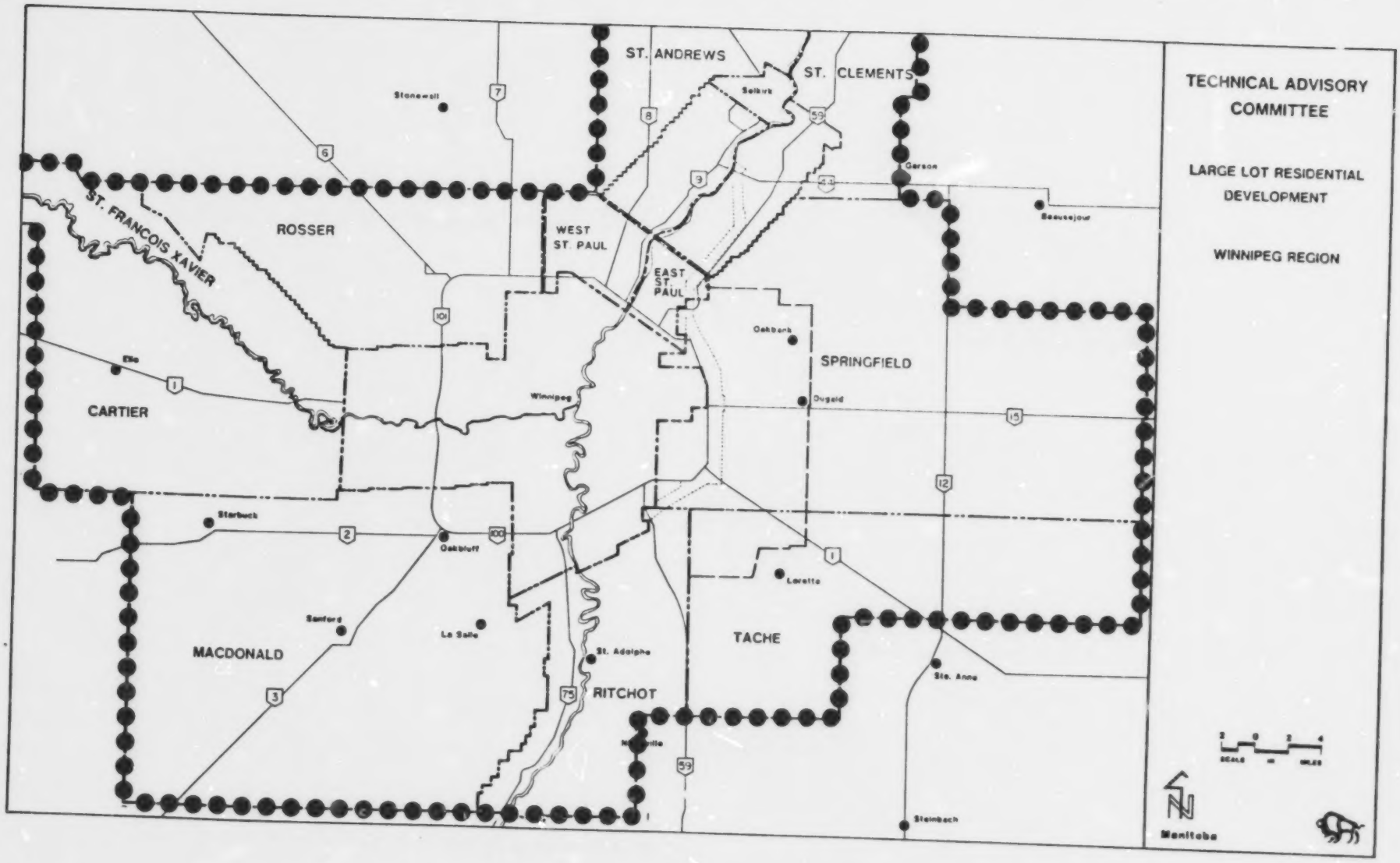
1.5 Study Approach

The study approach included:

- collecting background information on existing data plans and policies, with regard to rural residential development in Manitoba and elsewhere.
- assessing the supply and demand for rural residential development in the study area.
- identifying and analyzing issues related to rural residential development in the study area.
- developing conclusions based on the analysis of issues.

(See Appendix B for a more detailed account of the study approach.)

MAP 1 - STUDY AREA



2.0 MANAGING RURAL RESIDENTIAL DEVELOPMENT IN CANADA

A review of municipal plans and policies, and planning literature indicates that rural residential development is an issue for most municipalities in Canada.

2.1 Problems

The problems associated with rural residential land use can be categorized into two types:

- Resource Management - includes problems related to:

  (a) loss of agricultural land,
  (b) conflicts with agricultural activities,
  (c) waste disposal,
  (d) drainage and flood control,
  (e) ground water pollution,
  (f) loss of aggregate resources, and
  (g) degradation of recreational resources.

- Settlement - includes problems related to:

  (a) future city growth
  (b) protection of transportation corridors
  (c) cost revenue of rural residential development

2.2 Responses

Responses to the problems generated by rural residential development have tended to address the larger question of how land use in the urban fringe should be managed. Planning approaches to the problems have included the following:

(a) Land Use Designation, Zoning and Subdivision. All Canadian provinces apply zoning and subdivision controls to urban fringe areas. In some cases, these controls are exercised as part of an overall municipal or district development plan. The effectiveness of these controls in the fringe areas has been diminished by the fact that not all jurisdictions apply them consistently or even-handedly. Municipalities are often subject to pressures to zone or subdivide specific parcels; consequently, logical or orderly growth is not always engendered, resulting in negative impacts on the resources and servicing.

(b) Annexation. Annexation of the urban fringe has been used extensively in Canada as a means of controlling development. Calgary, Brantford and Halifax are the most often cited examples of annexation of the fringe areas. Annexation as a method of control has been criticized for being a temporary solution that fails to address the real problem -- the need for planned and

orderly development. Annexation has been controversial when land is added to the boundaries without sound technical reasoning or is annexed and left vacant. It has also been found that low value development will "leap frog" the annexed areas.

(c) Restricted Areas and Green Belts. Restricted areas and green belts have been used to limit urban growth to a predetermined boundary and to protect agricultural and open spaces outside the boundary. Experience with green belts and restricted development areas in Canada (e.g. Brantford, Calgary) and elsewhere in the world (e.g. London, England; Paris, France) has indicated that these methods are not effective in containing urban development beyond the zone, or protecting utility corridors and sensitive areas.

(d) Assessment and Taxation Policies. Assessment and taxation policies have been widely used in Canada to keep land in agricultural use. Three types of policies have been adopted:

(i) Use value assessment. This is a voluntary contract between a municipality and a landowner by which the landowner agrees not to develop land for a period of time in exchange for tax reductions. As a voluntary program, enrollment is often low because landowners tend to be overly optimistic about future price appreciation of their land.

(ii) Preferential taxation. Under this type of policy, agricultural land is taxed at its agricultural use value, not market value, until converted. Although it is one of the most common methods used in North America to control urban fringe development, preferential schemes have been found to have limited impact because they offer insufficient inducement to keep land in agriculture if there is strong pressure for urban development. Speculators and developers will often benefit by owning fringe land and renting it for agricultural use pending development. Land speculation taxes to capture some of the capital gains resulting from short- term holding and sale of land, are used in Ontario and some other jurisdictions. This method has not been very effective in controlling urban fringe development since most speculative activity is long-term.

(iii) Deferred taxation. Under a deferred taxation policy, taxes are assessed on market value but a farmer pays only agricultural use value and defers the remainder until development occurs. This type of policy is useful where agricultural land has been rezoned for specific development and development is deferred.

(e) Service Pricing Policy. Service pricing policies have been adopted for fringe areas to remove inequities between those who pay for the additional services and those who benefit. Types of policies have included:

(i) Development costs and charges. Developers agree through a formal agreement to pay for all on-site and some off-site costs required for the development.

(ii) Tax rebates. Tax rebates have been used to compensate farmers for higher property taxes paid to support services for those developments in the rural municipality which have higher servicing costs.

(f) Agricultural Zones and Districts. British Columbia, Quebec, Newfoundland and a number of American states have adopted some form of exclusive agricultural zoning to protect farm land from conversion to other uses. This method has been found to improve farmer confidence and lead to increased investment, farm expansion and new farm formation. Urban development pressures, however, have not been removed, and the program does not ensure that the land will be used for agriculture.

(g) Regional/District Planning. Many Canadian provinces have opted for regional or district planning of urban fringe areas in order to deal with the problems in a comprehensive and coordinated manner. In British Columbia, Alberta and Ontario, however, regional planning has not been effective in containing urban growth and has raised significant issues of representation. District planning, which has been undertaken in Saskatchewan, New Brunswick and Nova Scotia, has provided a forum for urban and rural municipalities to discuss and resolve issues of the urban fringe.

It is clear from the foregoing discussion that effective management of land in the urban fringe defies an easy solution. The resolution of the problem of rural residential development will involve an analysis of the urban fringe, and understanding of the dynamics of land use, the cooperation of the jurisdictions, and innovative thinking about approaches that will be tailored to needs of the Winnipeg fringe area.

3.0 MANAGING RURAL RESIDENTIAL DEVELOPMENT IN THE WINNIPEG REGION

Management of rural residential development in the Winnipeg Region consists of a mix of planning approaches:

(a) development plans, zoning, and subdivision controls;
(b) restricted areas; and
(c) district planning.

It is complex and involves:

- 12 municipalities: The City of Winnipeg, the Rural Municipalities of Cartier, Saint François Xavier, Rosser, West St. Paul, East St. Paul, St. Andrews, St. Clements, Springfield, Taché, Ritchot, and Macdonald;

- 3 planning districts: Macdonald-Ritchot, Selkirk and District, and South Interlake; and

- 2 provincial government departments: Manitoba Urban Affairs and Manitoba Rural Development.

Under **The City of Winnipeg Act**, the Province of Manitoba delegates planning authority to the City of Winnipeg for lands within its corporate boundaries and for lands within neighbouring municipalities identified as the "Additional Zone". Originally, the City of Winnipeg was given land use control over all of the rural municipalities of West St. Paul and East St. Paul and portions of the rural municipalities of Springfield, Macdonald, Taché, Ritchot, and Rosser. **The Planning Act** enables municipalities in the Additional Zone to gain land use control if they join planning districts. In 1980, the Rural Municipality of Rosser joined the South Interlake Planning District; in 1983, the Rural Municipalities of Macdonald and Ritchot were allowed to form their own planning district. In 1989, West St. Paul left the Additional Zone to join the Selkirk and District Planning District leaving the Rural Municipality of East St. Paul and parts of the Rural Municipalities of Taché and Springfield within the planning jurisdiction of the City of Winnipeg.[2]

The City of Winnipeg Act requires that the City prepare a development plan to guide the use and development of lands within its jurisdiction. Zoning and subdivision by-laws must conform with the development plan. The development plan and subsequent amendments must be approved by the Minister of Urban Affairs.

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[2]The Legislature of Manitoba has adopted amendments to The City of Winnipeg Act to abolish the Additional Zone at a date yet to be proclaimed.

Under **The Planning Act**, the Province, through the Minister of Rural Development, has planning authority for land use in all municipalities, local government districts, cities, towns and villages outside of Winnipeg and the Additional Zone. That planning authority can be delegated to a municipality or group of municipalities as follows.

Under **The Planning Act**, a municipality or a group of municipalities, through a planning district, may adopt a development plan or basic planning statement (both may be referred to as a Plan). That Plan and any subsequent amendments require the Province's approval. When such a Plan is adopted, a zoning by-law must also be adopted by the municipality or member municipalities of the planning district. The zoning by-law or subsequent amendments do not require provincial approval. However, under **The Planning Act**, a zoning by-law, or any amendments must generally conform to the Plan. The Province may object to a zoning by-law and thus force a Municipal Board hearing.

The Minister of Rural Development is the subdivision approving authority for all subdivisions outside of the City of Winnipeg and the Additional Zone. The Minister may delegate the subdivision approving authority function to a Planning District Board with its Plan and zoning by-laws in place. For example, the South Interlake and Selkirk and Area Planning Districts are the approving authorities for their respective municipalities. Under **The Planning Act**, no subdivision can be approved if it does not conform to the Provincial Land Use Policies or an approved Plan, zoning by-law or planning scheme.

Prior to the adoption of the 1976 **Planning Act**, many municipalities had adopted planning schemes. Planning schemes are very similar to zoning by-laws and for the purposes of this discussion may be considered essentially the same. The rural municipalities of Ritchot and parts of Macdonald and Taché still have planning schemes in place. The Provincial Land Use Policies take precedence over planning schemes when a conflict arises between the two.

In 1980 the Province also adopted 13 Provincial Land Use Policies as a regulation under **The Planning Act.** These policies are used to assist the Province in reviewing subdivision applications in municipalities without an approved Plan. They are also used to review Plans, Plan amendments and planning scheme amendments. Generally, plans, planning scheme amendments and subdivision applications cannot conflict with the Provincial Land Use Policies. The Policies do not apply to Winnipeg or to the Additional Zone. The policies also do not apply to a municipality or planning district with an approved Plan, except for the review of amendments.

Table 1 outlines the status of planning in the study area. For more detailed discussion of the planning context of the Winnipeg Region and those policies which guide rural residential development in the Winnipeg region see Appendix C.

TABLE 1: STATUS OF PLANNING IN THE STUDY AREA

JURISDICTION	DEVELOPMENT PLAN	APPLICABLE POLICIES	DEVELOPMENT CONTROL	SUBDIVISION APPROVING AUTHORITY	COMMENTS
City of Winnipeg	PW (09.04.86)	PW #14 #18	ZBL	City of Winnipeg	
West St. Paul	CP(1981) CP Updated (86)	Refer to CP	PS (16.06.59)	Selkirk PD	Joined Selkirk PD (10.06.89) ZBL in Preparation
East St. Paul	PW(09.04.86)	PW #93	PS (09.05.56)	City of Winnipeg	Draft Dev. Strategy in Prep.
Springfield (AZ)	Draft CP (1981)	PW #93	PS (28.07.60)	City of Winnipeg	
Springfield	DP (27.05.81)	Refer to DP	ZBL (11.08.87)	Province of Manitoba	DP under active review
Taché (AZ)	No plan	PW #93	None	City of Winnipeg	
Taché	DP given 1st reading (90)	PLUP #3 #4	PS (13.01.64)	Province of Manitoba	PS for Lorette & Landmark only ZBL in preparation
Ritchot	DP for PD given 2nd reading (09.89)	PLUP #3 #4	PS (01.11.66)	Province of Manitoba	Macdonald Ritchot PD (1984)
Macdonald	DP for PD given 2nd reading (09.89)	PLUP #3 #4	PS (03.07.62)	Province of Manitoba	Macdonald Ritchot PD (1984)
Cartier	BPS (31.12.79)	Refer to BPS	ZBL (11.08.87)	Province of Manitoba	
St. François Xavier	Draft DP in prep.	PLUP #3 #4	PS (06.03.75)	Province of Manitoba	ZBL in preparation
Rosser	DP (04.01.84)	Refer to DP	ZBL (13.08.85)	South Interlake PD	Joined South Interlake.
St. Andrews	DP (14.10.81)	Refer to DP	ZBL (10.02.87)	Selkirk PD	
St. Clements	DP (14.10.81)	Refer to DP	ZBL (10.10.89)	Selkirk PD	

LEGEND

(AZ) Additional Zone
(BPS) Basic Planning Statement
(CP) Community Plan
(DP) Development Plan
MB Municipal Board
PD Planning District
PLUP Provincial Land Use Policy
PS Planning Scheme
PW Plan Winnipeg
RM Rural Municipality
ZBL Zoning By-law

4.0 SUPPLY/DEMAND ANALYSIS

4.1 Introduction

This part of the report focusses on the magnitude of rural residential activity in the Winnipeg region. It identifies where significant rural residential activity has occurred from 1976 to 1988. It estimates the potential for future residential development and forecasts the demand for this type of land use.

4.2 Historical Rural Residential Activity

Table 2 outlines the number of rural residential lots created in, and the number of single-family housing permits issued by, the various municipalities within the Winnipeg region from 1976 to 1988.

In Winnipeg, 61% of all rural residential activity occurred in two areas; namely, St. Vital Perimeter South and South Headingley. The balance of rural residential activity occurred in seven other neighbourhood areas (see Tables 3 and 4 and Map 13).

Outside Winnipeg rural residential activity has been greatest in the Winnipeg - Selkirk corridor and Springfield. Roughly 80% of all rural residential activity in the study area outside Winnipeg occurred in the municipalities of West St. Paul, East St. Paul, St. Andrews, St. Clements and Springfield. In the area bounded by these municipalities an average of 452 building permits were issued on an annual basis or approximately 84 per municipality. The remaining municipalities of Taché, Ritchot, Macdonald, Cartier, St. François-Xavier and Rosser accounted for the remaining 20%. This area averaged 110 building permits per year or approximately 18 per municipality.

4.3 Supply

Supply is determined by subtracting the actual number of built-upon large lots from the total number of lots designated as rural residential in approved development plans or zoning by-laws. It was discovered that actual built-upon lots are unknown in many of the municipalities in the Winnipeg region. Table 5 provides the inventory of existing vacant lots in the Winnipeg region. Table 6 identifies the estimated acreage and estimated potential number of 2-acre lots designated for rural residential in the Winnipeg region. There exists a supply of 3,620 lots under 6 acres available for rural residential development in the Winnipeg region and a potential supply of 14,656 2-acre lots.[3]

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[3]Development plans and zoning by-laws designate a range of rural residential lots. Due to time and human resource constraints, the study was unable to assess the various size lots designated and arbitrarily utilized a 2-acre lot figure to determine potential supply.

4.4 Demand

Detailed demand estimates were prepared by Manitoba Housing and were based on the following methodology:

(a) calculation of rural residential absorption rates;
(b) history and trends of rural residential demand;
(c) correlation of rural residential trends with general housing market;
(d) study of key demand variables such as economic fluctuations, interest rates, lot or land costs, household type and income, land policy, geography; and
(e) preparation of demand estimates.

The technical background paper produced by Manitoba Housing is attached as Appendix D. Table 7 summarizes the demand projections for rural residential development in the Winnipeg region. It is projected that the demand for rural residential development in the Winnipeg region will be 5,603 lots or 431 lots per annum from 1989 to 2001.

4.5 Conclusions

Dividing the existing supply of rural residential lots by the projected demand figure of 431 lots per annum, there exists an 8 year supply of existing vacant rural residential lots in the Winnipeg region. Utilizing the figure of 14,656 potential 2-acre lots designated in development plans, planning schemes, zoning by-laws within the Winnipeg region, one discovers that the potential supply of rural residential land could be 34 years.

Table 2. Rural Residential Activity in the Winnipeg Region between 1976 and 1988[1].

Municipality	Large Lots Created	Single-Family Housing Permits	Yearly Average # of Permits	Existing Single-Family Dwellings 1989	Building[4] Lots 1989 SFD	SF[5] Permits 1989 SFD
City of Winnipeg[1]	627	352[6]	27	141,150	0.4%	0.3%
East St. Paul[1]	922	693	53	1,651	55.8%	42.0%
West St. Paul[1]	518	453	35	1,079	48.0%	42.0%
Springfield[1],[2]	161	195	15	980	16.4%	19.9%
Springfield[3]	449	1,330	111	2,198	20.4	60.6
Taché[1],[2]	125	82	6	1,968	) 20.3%	) 31.8%
Taché[3]	274	544	45	-	)	)
Ritchot	90	149	12	1,386	6.5%	10.8%
Macdonald	152	233	19	1,183	12.8%	19.7%
Cartier	128	149	12	593	21.6%	25.1%
St. François Xavier	79	91	8	295	26.8%	30.8%
Rosser	20	75	6	399	5.0%	18.8%
St. Andrews	817	1,161	97	3,252	25.1%	35.7%
St. Clements	644	974	81	3,661	17.6%	26.6%
TOTAL	5,006	6,481		159,795		

Note[1]: Municipalities designated by Note[1] have had data compiled for the 1976 to 1988 period. For all other municipalities data has been compiled for the 1976 to 1987 period.

Note[2]: Area of Municipality in Additional Zone.

Note[3]: Area of Municipality outside Additional Zone.

Note[4]: $\frac{\text{Number of large lots created between 1976 and 1988}}{\text{Existing Single-Family Dwellings in 1989.}}$ X100%

Note[5]: $\frac{\text{Number of single-family housing permits issued between 1976 and 1986}}{\text{Existing Single-Family Dwellings in 1989.}}$ X 100%

Note[6]: Single-Family Housing Permits for Large Lots Only.

Source: City of Winnipeg, Manitoba Rural Development and 1989 Assessment Roll.

Table 3.

LARGE LOT RESIDENTIAL DEVELOPMENT STUDY

LARGE LOT RESIDENTIAL BUILDING SITES CREATED IN THE CITY OF WINNIPEG

Year	St. Vital Perimeter South	South Headingley	South Perimeter West	Remaining "Rural," "Large Lot Residential" and Hamlet" Policy Areas*	Annual Total
1976	4	1	27	30	62
1977	2	2	65	30	99
1978	3	3	0	30	36
1979	4	0	7	30	41
1980	2	0	0	30	32
1981	0	3	0	30	33
1982	40	4	0	30	74
1983	20	4	2	30	56
1984	5	1	13	30	49
1985	7	1	0	30	38
1986	0	0	0	30	30
1987	17	0	0	30	47
1988	0	0	0	30	30
Neighbour-hood Totals	104	19	114	390	627

*Subdivision Branch estimates an average of 30 Large Lot building sites are created every year in other areas of the City.

January, 1989
City of Winnipeg
Department of Environmental Planning

Table 4.

LARGE LOT RESIDENTIAL DEVELOPMENT STUDY

SINGLE-FAMILY HOUSING PERMITS IN "LARGE LOT RESIDENTIAL DEVELOPMENT" AND "HAMLET" POLICY AREAS WITHIN THE CITY OF WINNIPEG

Year	North Head-ingley	North Perimeter West	Kil-cona Park	South Transcona	St. Vital Perimeter South	Turn-bull Drive	Grange	South Head-ingley	South Perimeter West	Annual Total
1976	5	0	0	6	18	0	0	13	0	42
1977	9	0	1	3	12	0	0	6	7	38
1978	3	0	1	2	7	0	0	12	1	26
1979	3	0	1	2	3	1	1	3	1	15
1980	0	2	2	1	8	0	0	2	1	16
1981	0	3	0	1	2	0	0	2	3	11
1982	0	1	1	0	4	0	0	4	0	10
1983	0	0	3	2	15	1	1	4	2	28
1984	2	0	1	5	14	0	2	5	0	29
1985	2	1	0	1	14	0	0	6	3	27
1986	0	2	1	7	13	0	0	4	8	35
1987	3	2	3	4	19	0	1	8	4	44
1988	2	2	1	5	9	0	1	9	2	31
Neighbour-hood Total	29	13	15	39	138	2	6	78	32	352

January, 1989
City of Winnipeg
Department of Environmental Planning

Table 5 - Existing Vacant Lots in the Winnipeg Region by Parcel Size (in acres)

Municipality	0-.5	.5-1	1-2	2-4	4-6	6-10	10-20	20-40	40-80	80 +
Winnipeg	-	-	-	-	-	-	-	-	-	-
East St. Paul	101	42	41	22	29	15	29	37	12	3
West St. Paul	118	33	54	81	51	35	29	32	35	45
Springfield	30	130	49	60	359	132	218	342	427	599
Taché	17	29	74	75	78	38	64	170	360	334
Ritchot	102	8	35	71	52	54	81	93	204	243
Macdonald	16	19	99	20	20	41	50	169	595	1,120
Cartier	12	21	40	43	33	27	40	87	344	420
St. François Xavier	3	4	10	10	12	16	14	14	22	144
Rosser	13	10	10	12	11	65	38	73	176	434
St. Andrews	120	83	362	108	166	104	136	206	410	404
St. Clements	40	57	162	168	195	138	189	261	336	263
TOTALS	572	436	936	670	1,006	665	888	1,484	2,921	4,009

3,620

Note: Villages, hamlets, settlement centres, and cottages (such as Oakbank, Ste. Agathe, Lorette, E. Selkirk, La Salle, etc.) are not included in these figures.

Source: Manitoba Municipal Assessment Rolls

Table 6. Estimated Development Potential[1] for Rural Residential Development in the Winnipeg Region.

Municipality	Estimated No. of Acres of Potential Development	Estimated Potential No. of 2 Acre Lots[2]
City of Winnipeg	3,000	1,000[3]
East St. Paul	6,830	2,277
West St. Paul	2,777	925[4]
Springfield	4,000	1,333
Taché	3,000	1,000
Ritchot	1,000	333
Macdonald	> 100	> 30
Cartier	> 100	> 30
St. François Xavier	> 100	> 30
Rosser	> 100	> 30
St. Andrews	10,000	3,334
St. Clements	13,000	4,334
TOTALS	44,007	14,656

Note[1]: Development Potential means areas designated in plans but not subdivided for residential lots, areas under active consideration for designation and areas for potential infill.

Note[2]: The figure for the potential number of 2 acre lots is obtained by dividing the acres of potential development by 3 acres per lot.

Note[3]: For a detailed analysis of potential building sites in Winnipeg see Table 8.

Note[4]: For a detailed analysis of potential building sites in West St. Paul see Table 9.

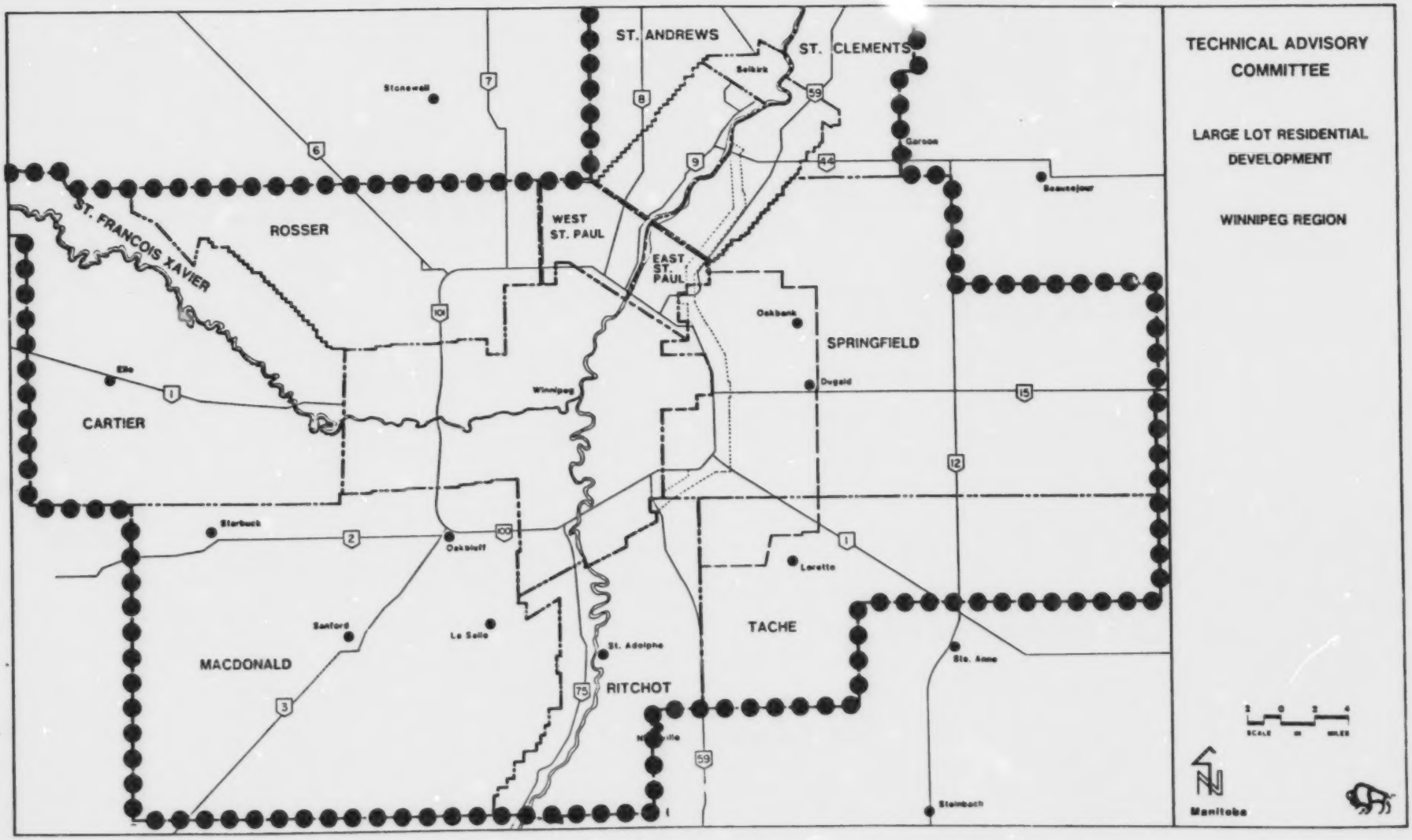
Source: City of Winnipeg and Manitoba Rural Development

Table 7. Estimated Demand Projections for Rural Residential Development in the Winnipeg Region.

Municipality	1989-1991	1992-1996	1997-2001	TOTAL
City of Winnipeg	78-90 (26-30)[3]	100-115 (20-23)	70 (14)	248-275 (19-21)
East St. Paul	195-225 (65-75)	250-300 (50-60)	200 (40)	645-725 (50-56)
West St. Paul	105 (35)	150-175 (30-35)	125-150 (25-30)	380-430 (29-33)
Springfield[1]	45 (15)	50-65 (10-13)	40-50 (8-10)	135-160 (10-12)
Springfield[2]	312 (104)	465 (93)	400 (80)	1,177 (91)
Taché[1]	15 (5)	20 (4)	10 (2)	45 (35)
Taché[2]	108 (36)	155 (31)	122 (24)	385 (30)
Ritchot	51 (17)	50 (10)	20 (4)	121 (9)
Macdonald	66 (22)	80 (16)	40 (8)	186 (14)
Cartier	33 (11)	40 (8)	25 (5)	98 (8)
St. François Xavier	21 (7)	25 (5)	15 (3)	61 (5)
Rosser	15 (5)	15 (3)	10 (2)	40 (3)
St. Andrews	261 (87)	415 (83)	400 (80)	1,076 (83)
St. Clements	234 (78)	370 (74)	310 (62)	914 (70)
TOTALS	1,539 (513)	2,185 (437)	1,787 (358)	5,603 (431)

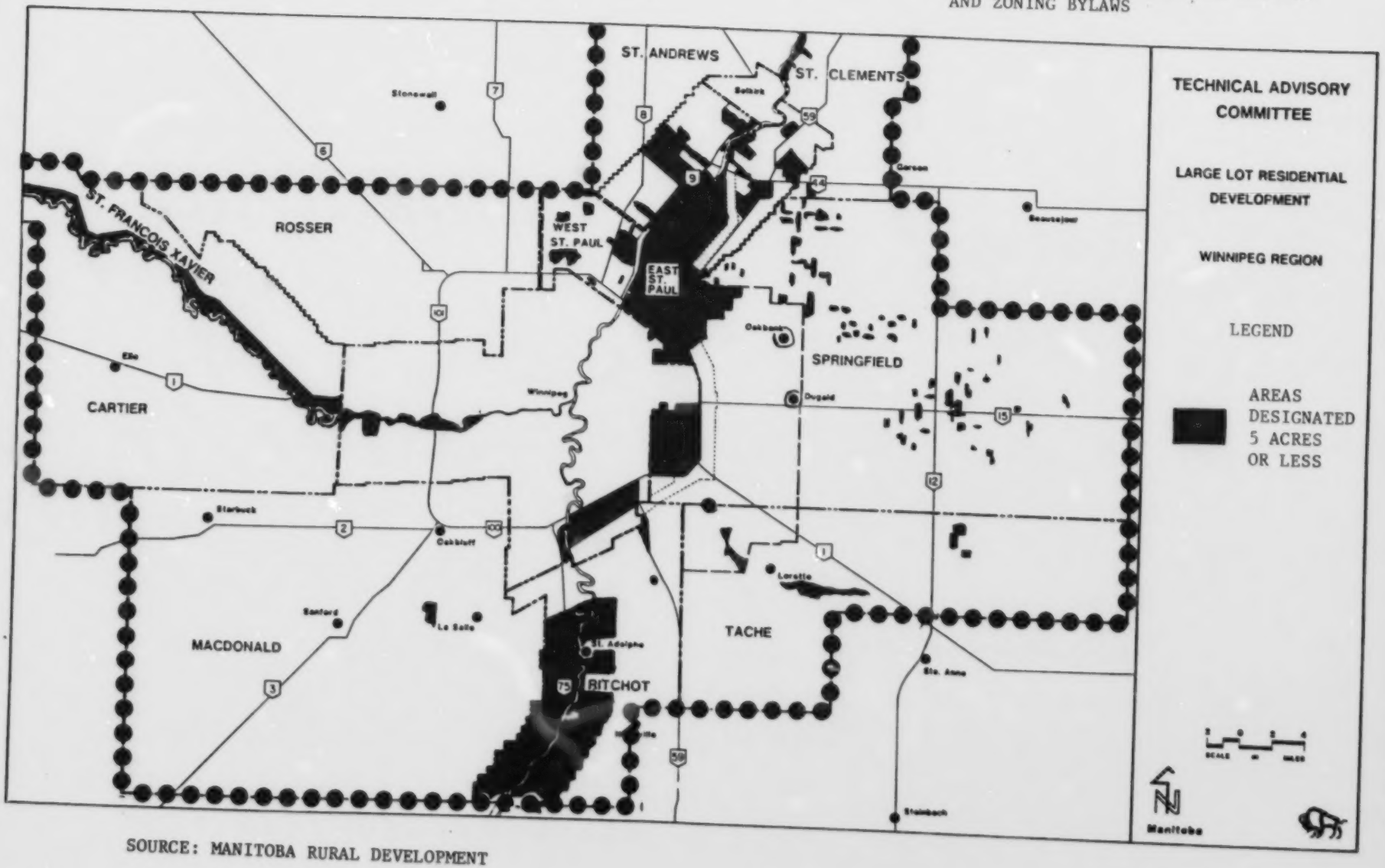
Note[1]: Area of Municipality in the Additional Zone
Note[2]: Area of Municipality Outside the Additional Zone
Note[3]: Bracketed Figures Represent Annual Averages

MAP 2 - EXISTING RURAL RESIDENTIAL DEVELOPMENTS IN THE WINNIPEG REGION



NOTE: THIS MAP IS PRESENTLY BEING PREPARED BY MANITOBA RURAL DEVELOPMENT AND IS UNAVAILABLE UNTIL THE FALL OF 1990.

MAP 3 - RURAL RESIDENTIAL DESIGNATED IN DEVELOPMENT PLAN, PLANNING SCHEMES AND ZONING BYLAWS



SOURCE: MANITOBA RURAL DEVELOPMENT

5.0 RESOURCE MANAGEMENT ISSUES

5.1 Introduction

Resource management issues related to rural residential development include:

- the loss of agricultural land,
- conflicts with agricultural activities,
- waste disposal,
- drainage and flood control,
- depletion of ground water resources, and
- protection of natural resources such as aggregate and recreational resources.

Issues of resource management are interrelated and require sets of policies to address each variable in the system and to integrate these sets of policies. In this section, resource management issues cited above are described from the perspective of rural residential development in general, and for the Winnipeg region specifically; directions for action are also identified.

5.2 Loss of Prime Agricultural Land

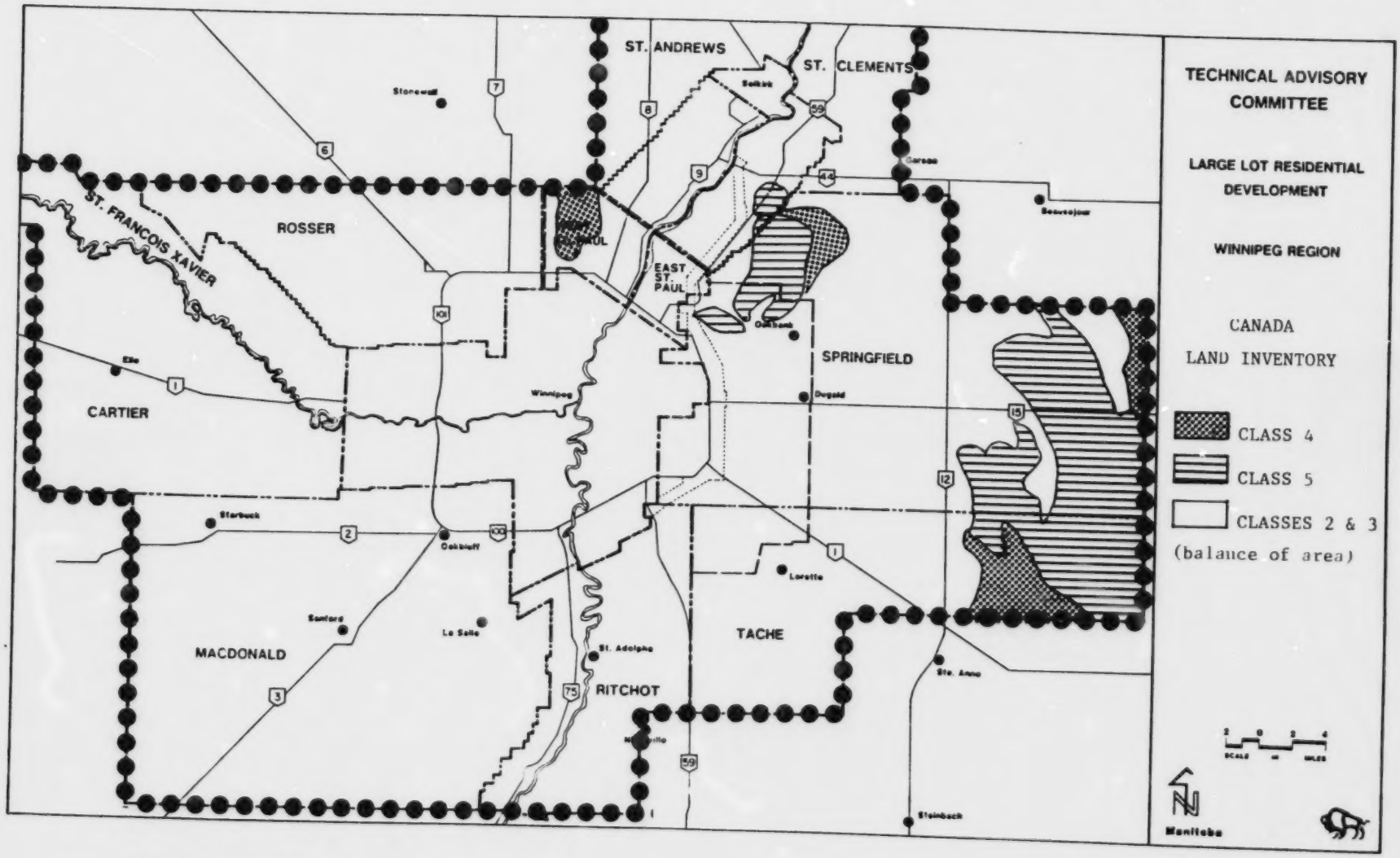
5.2.1. Problem

One of the effects of rural residential development on agriculture is the loss of prime agricultural land due to replacement of agricultural uses by rural residential development. A 1982 report on subdivision activity in four Regional Planning Commissions in Alberta (Thompson, 1982) found that after agriculture, rural residential development was the primary reason for the subdivision of agricultural land.

The primary function of agricultural land is the production of food. The potential food loss is related to the amount of land taken out of production and its capacity for agriculture (Bryant, 1982; Troughton, 1981). For example, 9,114 acres of farm land was lost to subdivision in Manitoba in 1976 (Manitoba Department of Municipal Affairs). This loss translates into about 147,000 bushels of wheat, and by extrapolation, 5 million dollars over ten years.

With the exception of an area near Birds Hill Provincial Park and the eastern portions of Springfield and Taché, the Winnipeg region is mainly prime farmland (Canada Land Inventory class 2 and 3 - see Map 4). Given the limited amount of productive agricultural land in Manitoba the development of rural residences in the Winnipeg region may have serious implications for the loss of food productivity. Unfortunately, no one knows the actual loss of prime farmland to rural residential in the Winnipeg region at this time and its effect. There is a need to map the present and future land use in the Winnipeg region against the soil capability maps and the systems of land survey in the region to measure the impact of rural residential on loss of prime agricultural lands.

MAP 4 - SOIL CAPABILITY FOR AGRICULTURE
IN THE WINNIPEG REGION



SOURCE: MANITOBA AGRICULTURE

It must be noted that not only does rural residential development remove agricultural land out of production, but it hastens the conversion of cropland to residential uses by increasing land values and causing restrictions on farm operations.

5.2.2. Directions

There are several approaches available to address the problem of loss of agricultural land:

- direct rural residential development away from prime agricultural land;
- a moratorium on future rural residential development; and
- changes to assessment and taxation policies.

Presently, Provincial Land Use Policy No. 1 is designed to protect farmland and agricultural activities from encroachment by future non-farm residences where agriculture is viable. Policy 1 restricts rural residential subdivision on farmland where there are less than three residences on that land unit. Policy 1 is applied by the Province except where an approved Plan is in place. In those instances the various planning authorities are left to develop criteria which specify conditions under which agricultural land use can be changed. This has led to the creation of significant incremental, scattered development of rural residential lots throughout the Winnipeg region. There is a need for the province to properly assess the effects of such development on the loss of prime agricultural land.

British Columbia and Quebec are examples of provinces which have adopted an outright freeze on the development of agricultural land. In 1972, British Columbia imposed a development freeze on agricultural land, followed by the establishment of a land commission (later the Agricultural Land Commission) with the legal power to establish Agricultural Land Reserves (ALRs), according to criteria set out in the legislation. Land in an ALR cannot, in general, be subdivided or used for non-agricultual purposes; but it can be removed from the ALR either by Commission or on appeal to the Environment and Land Use Committee of Cabinet.

Quite similar action was taken by the Province of Quebec, where a very limited area of high-quality (classes I and II and some class III) land is likewise subject to strong conversion pressures. In 1978 the provincial legislature enacted an Agricultural Zoning Act which prohibits non-agricultural use of land designated as farmland under the Act, which is administered by an Agricultural Land Protection Commission.

In Quebec, however, affected municipalities are consulted and hearings held before land is designated, and in general sufficient land has been excluded to allow ample scope for urban expansion. Also, fiscal measures have been employed both to sweeten the pill of designation for farmers, and to make a change in designation less attractive. Hence, the measure has been less controversial in Quebec than it was in British Columbia.

Other provinces have also adopted special measures to protect agricultural land. Prince Edward Island, for example, has set up a Land Development Corporation to purchase land on the open market as part of its Comprehensive Development Plan, and either resell it for farming or ensure that it is reserved for pasture, forestry, wildlife habitat, or recreational purposes.

Ontario has adopted "Food Land Guidelines" which the government employs in approving municipal land use plans and subdivision applications; for example, it substantially reduced the area of fruit-growing land which the Regional Municipality of Niagara wished to designate for urban development in its official plan. The guidelines are currently being converted into a formal policy statement with which municipalities will be required to comply under the Planning Act.

The effectiveness of legal controls on agricultural land is greatly enhanced by fiscal measures. In Britain, for example, land designated in municipal land use plans as agricultural is assessed accordingly for taxation purposes, so that owner has no financial incentive to seek rezoning before the land is actually "ripe for development" under the municipal plan.

The 1982 Report of The Manitoba Assessment Review Committee entitled "A Fair Way Share" recommended that lands qualifying as farm land which have an increased valuation due to their proximity to urban development should be value assessed on its use for agricultural purposes and on its current market value. Provision should be made that on the application of property owners the assessment used for current taxation purposes would be based on the value of the land for agricultural purposes. Upon conversion of the land to non-agricultural use, the owners of the land should be responsible for paying to the municipality, a sum of money equal to the difference in taxes between what was collected and what would have been collected during the previous five years had the valuation and assessment of the property been established on the basis of the assessor's opinion of value using current sales data reflecting all normal market considerations. The above recommendation was implemented by the Government of Manitoba through amendments to The Municipal Assessment Act assented to on January 12th, 1990.

The technical committee concluded that the agricultural land protection issue is extremely complex and raises a number of difficult political questions beyond its mandate. It recommends that the issue should be examined further in the context of a comprehensive land use/conservation policy which adequately addresses the fundamental social, economic and environmental questions involved.

5.3 Agriculture - Land Use Conflicts

5.3.1 Problem

Land use conflicts occur when approval of land is given to the use of land in a way that is incompatible or conflicts with another use because of their proximity to each other. Land use conflicts between agriculture and rural residential development may be summarized as follows. The non-farm rural residents complain about the noise, odours, dust and other "nuisances" associated with agricultural activities. These complaints force the farmer to employ more costly farming practices or to restrict farm operations. Municipalities zone limited agriculture districts where livestock operations are restricted and/or impose buffer zones around residential and recreational areas. Recent examples of conflict in the Winnipeg region have been Waverley Heights and Linden Woods in the City of Winnipeg. Map 5 identifies the location of dairy, beef and poultry operations in the Winnipeg region. The location of hogs has yet to be identified.

5.3.2 Directions

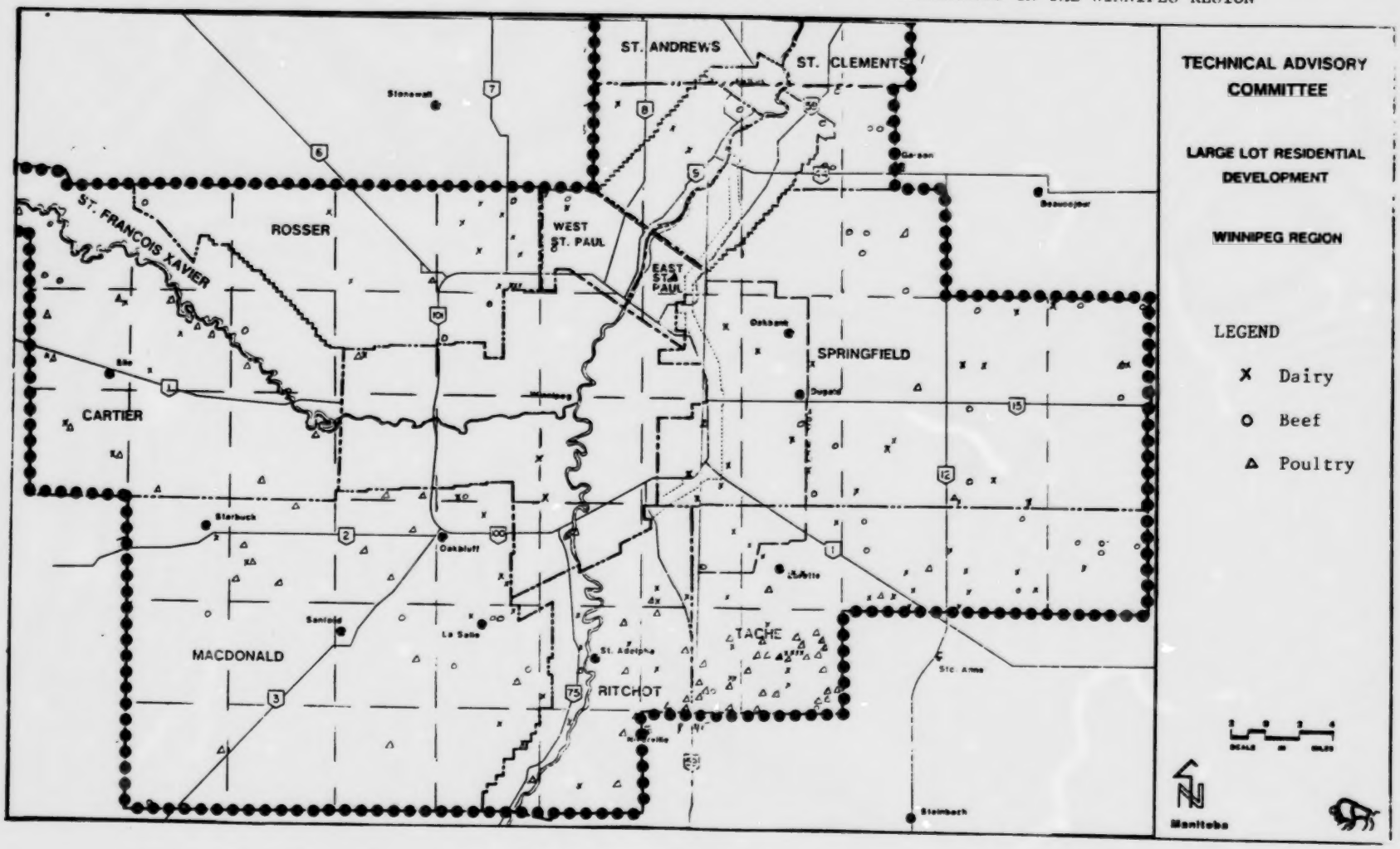
There are several options available for dealing with land use conflicts between rural residential development and agricultural activities:

- Direct rural residential development away from those types of agricultural activities with which it conflicts most. Develop buffer zones to keep development away from livestock areas.

- Farm practices (right-to-farm) legislation to give existing farmers the security to continue their farm operations without fear of closure resulting from other conflicting uses moving into their areas. Municipalities may limit expansion and growth of farm operations by zoning.

- Buyout (Abatement). Require residential developer to buyout existing livestock operations before residential development is allowed to begin.

MAP 5 - LOCATION OF DAIRY, BEEF AND POULTRY OPERATIONS IN THE WINNIPEG REGION



SOURCE: MANITOBA AGRICULTURE

The Provincial Land Use Policies attempt to restrict additional residential development in conflicting proximity to various agricultural activities. There has been no assessment made by the Province to determine how effective these policies have been by the Province in curtailing land use conflicts between agricultural and rural residential development since their adoption in 1980. There is a need for the Province to develop guidelines to assist in the evaluation of proposed agricultural and non-agricultural development in rural Manitoba particularly in the area of livestock production.

Despite Provincial Land Use Policies, incidents of conflict between farmers and rural residents have occurred. To ensure farmers the right to carry on their operations without fear of restriction, the Province passed the Manitoba's Nuisance Act to provide that businesses, including agricultural operations, that create odours which are not in violation of land use control laws or provincial acts cannot be held liable in nuisance to any persons for odours resulting from these businesses. The problem is that the Nuisance Act does not address nuisances other than odour, nor does it provide a mechanism for resolution of disputes. Manitoba Agriculture is studying forms of farm practices (right-to-farm) legislation to give Manitoba farmers the security to continue their farm operations without fear of closure resulting from other conflicting uses moving into their areas. British Columbia, Alberta, Ontario, Quebec, New Brunswick and Nova Scotia have legislated farm practices acts since 1986.

5.4 Wastewater Disposal

5.4.1 Problem

The major issue associated with wastewater disposal is the frequent failure of rural residential private sewage disposal systems (septic fields). Such failures cause wastewater to pond and runoff into natural and built drains and waterways. This in turn leads to serious odour, ground water contamination, pollution and drainage problems.

The failure of septic fields is a problem in the Winnipeg region because the soils in the area are principally clay based. Such soils restrict effluent movement and cause surface overflow (Michalyna, 1975). Many factors impact on the proper functioning of wastewater disposal systems, including the type of system, soil types, the amount of wastewater generated by modern households and the density of development.

Septic fields have limited life spans. Situations have developed where subdivision lot size has proven too small for septic field expansion or replacement. Conversely increasing lot size to accommodate larger septic fields and standby areas substantially increases costs associated with installation of future community collection systems. Where smaller lots are restricted to pump-out holding tanks for wastewater, there is a tendency for homeowners to illegally discharge because of the high costs of pump-out.

5.4.2. Directions

Manitoba Regulation 95/88R under **The Environment Act** requires that private sewage disposal systems outside Winnipeg and the Additional Zone, with a sewage flow of less than 14,000 litres of sewage per day, be registered with the Department of Environment and comply with standards outlined in the Regulation. The Regulation specifies location and size of system based on type of soil and number of bedrooms. Private sewage systems within Winnipeg and the Additional Zone that is within 45.72 meters of the normal high water mark of any body of water are regulated by the City of Winnipeg Sewer Utility By-law No. 5058/88 which contain similar provisions.

Given a history of septic field failures in the Winnipeg region, the Committee recommends that a study be undertaken to determine the extent and causes of septic field failures in the Winnipeg region. Existing legislation should be reviewed in light of the study's findings. Additionally, the study should focus on determining areas where private sewage disposal systems are not suitable.

5.5 Flood Control and Drainage

5.5.1 Problem

The most desirable lands for rural residential development are often situated near rivers. However, these lands may be subject to hazards such as flooding or erosion. Rural residential development on lands subject to flooding and other water-related hazards may lead to human suffering, property damage, and public expenditures for disaster relief and flood protection.

Intensive development may impede the natural capacity of the flood-plain to convey flood flows causing increased water levels and thereby negating the effectiveness of existing flood control works.

The study area is crossed by the Red, Assiniboine, Seine and La Salle Rivers and various creeks. The Red and Seine Rivers cause widespread flooding in the area upstream of the Red River Floodway. While the flood plains are less extensive along the La Salle and Assiniboine Rivers and the Red River north of Winnipeg, flooding still imposes serious limitations on development of certain lands adjacent to these rivers. Erosion and bank instability also pose hazards on riverine lands particularly on the Assiniboine River and the Red River downstream of Winnipeg.

Rural residential development is often serviced by rural drainage systems designed to meet agricultural standards only. These systems are sometimes inadequate in protecting residential development from local flooding due to heavy precipitation. The Winnipeg region study area is serviced by rural drainage systems designed to accommodate flows resulting from excessive summer rainfall, not the higher flows that accompany spring flooding. The average existing capacity of drains in the area of interest is such that flooding of the prairie will occur, on average, once every two years. This is far below the 100 year flood design criteria utilized for residential development.

In addition to the inadequacy of the rural drainage system, local flooding may be compounded by the increased runoff associated with more intensive development.

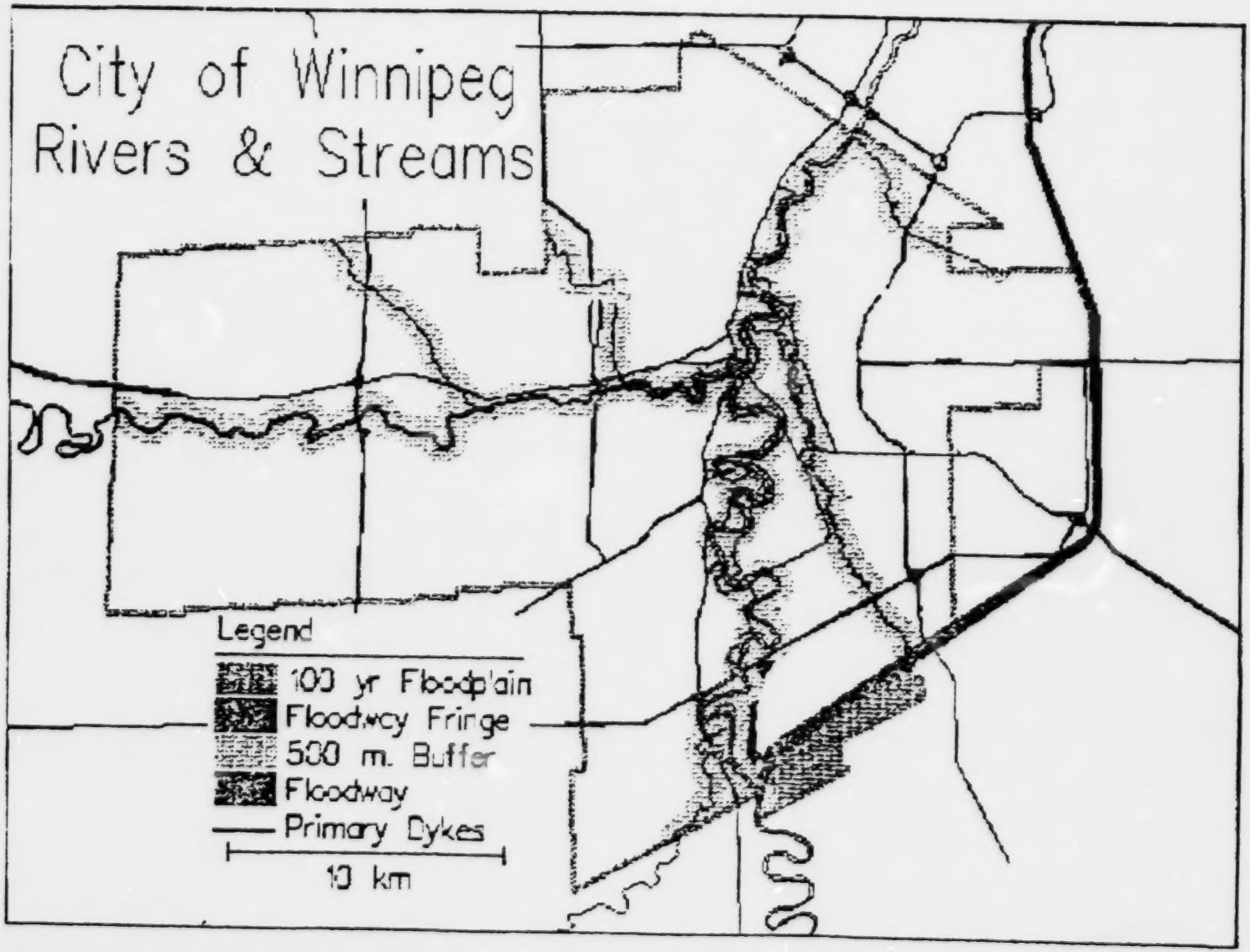
5.5.2. Directions

Solutions to the drainage and flooding problem are limited. New development should be directed to areas which are not subject to major flooding and where the drainage system in conjunction with lot grading will provide sufficient protection from local flood problems. Development on land subject to flood or other water related hazards should occur only under planning guidelines which prevent human suffering and property damage, limit public costs and liabilities, and addresses environmental impacts. Development which will adversely affect the ability for flood plains to convey flood flows should not be allowed. Development in areas subject to drainage problems should only be permitted after an engineering study has demonstrated that it can be carried out safely and without adversely affecting the drainage system and adjacent properties. With regards to existing developments, there is a need to upgrade certain areas' flood controls and drainage systems. This could be done by requiring developers to upgrade drains as a condition of subdivision approval.

Flood control in Manitoba is managed by two mechanisms. Provincial Land Use Policy 11 recommends that lands subject to hazards such as flooding or erosion outside the City of Winnipeg should be retained for open space or agricultural cropping. More intensive development shall only be considered where the hazard can be eliminated or where the use would be compatible with the risk.

Section 26(1)(f) of **The Water Resources Administration Act**, R.S.M. 1987, c W70 provides for the Lieutenant Governor in Council to make regulations designating any area of the province that is subject to flooding as a designated flood area. Section 17 of the

MAP 6 - FLOOD PRONE AREAS
IN THE CITY OF WINNIPEG



Manitoba Hazardous Waste Management Corporation

I.D. Systems Ltd.

Act provides for the Minister responsible for the Act to issue permits for structures located within a designated flood area and he/she may issue the permit subject to such terms and conditions as he/she may deem advisable. On June 27, 1979, the Red River Valley was designated a flood area by Order-in-Council 671/79. On August 29, 1979, Regulation 179/79 (re-enacted M.R. 23/88B) was established to implement the permit system and to set floodproofing criteria.

Amendments to the Water Resources Administration Act to empower the Minister of Natural Resources to register a notice (caveat) in the Land Titles Office that a building is flood-prone and/or does not comply with floodproofing criteria and cannot be eligible for any flood disaster assistance were proclaimed effective May 1, 1990 by Order-in-Council No. 453.

After the designation of the Red River Valley as a designated flood area, **The City of Winnipeg Act** was amended to restrict development in floodway areas and establish floodproofing criteria in floodway fringe areas with regards to the Red, Assiniboine and La Salle Rivers within the Perimeter Highway. Under The City of Winnipeg Act individuals are generally not permitted to build in the designated floodway area and must comply with floodproofing criteria in the floodway fringe. The Minister of Natural Resources may vary the floodproofing criteria if he or she is satisfied it is impossible or impractical to comply. Individuals who either build in the designated floodway area or fail to comply to the floodproofing criteria in floodway fringe areas are not entitled to receive flood protection or damage assistance from either the provincial or municipal governments.

The study committee concurred that the Province should look at broadening the scope of their regulations to include other rivers to be designated as flood areas by Order-in-Council.

With regards to drainage problems, policies should be developed to restrict development in areas subject to drainage problems or to provide mitigating actions where such development might be permitted. The Province may wish to establish a program of upgrading certain areas' flood control and drainage systems.

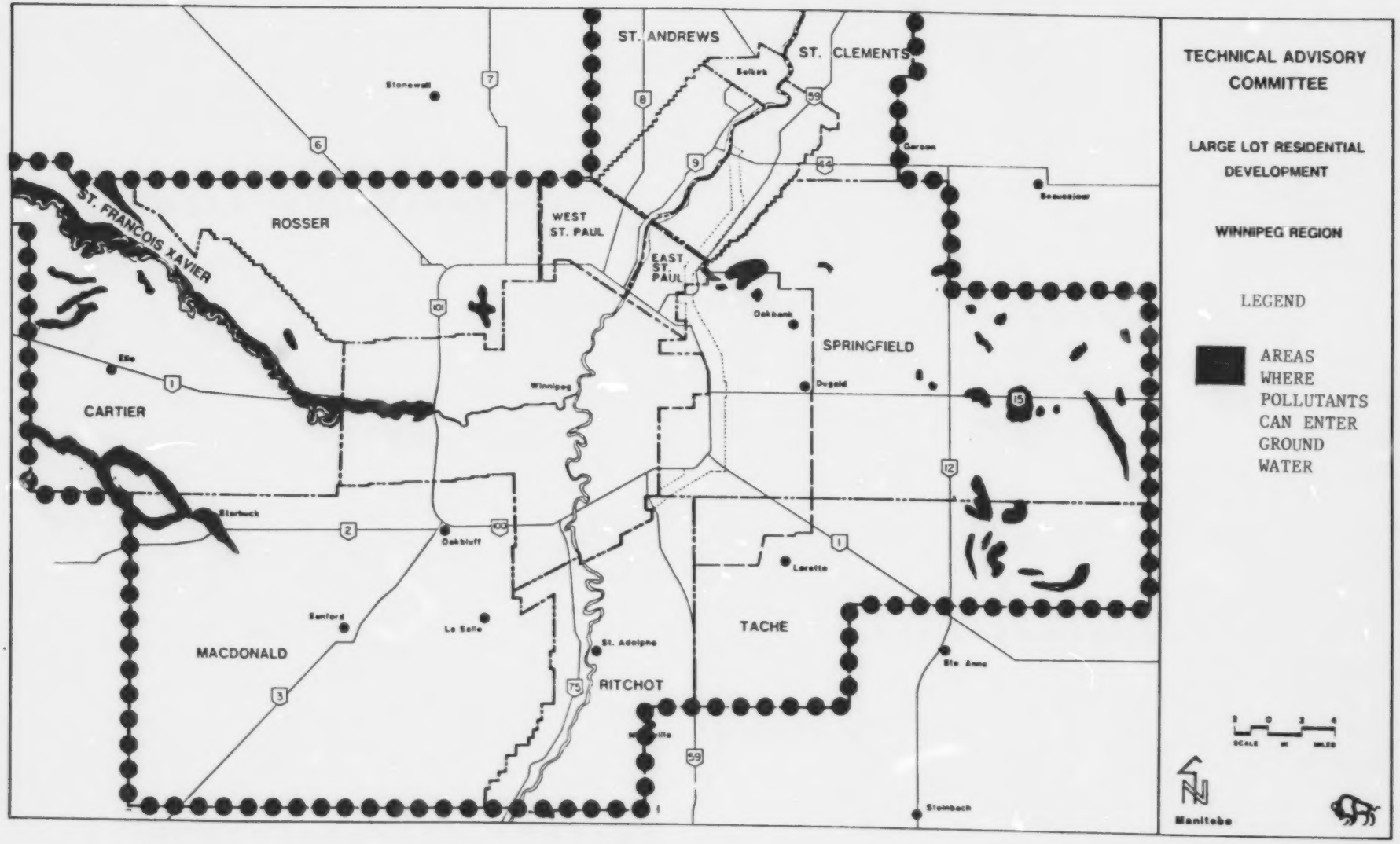
5.6 Ground Water Resources

5.6.1. Problem

Rural residential development may cause the pollution of ground water in three ways:

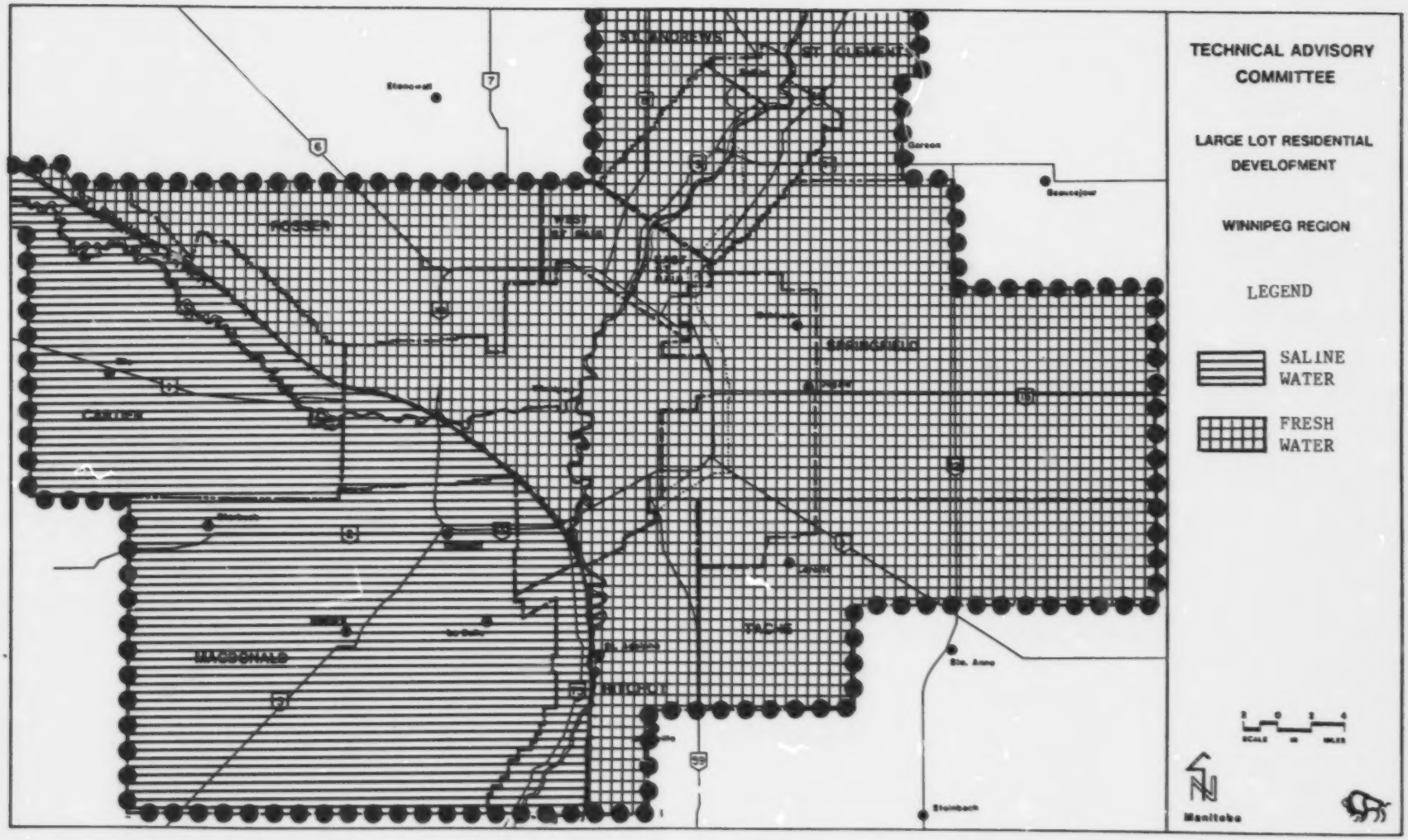
(1) by directly contaminating near surface aquifers through the improper construction or operation of private sewage disposal systems;

MAP 7 - GROUND WATER POLLUTION AREAS
IN THE WINNIPEG REGION



SOURCE: MANITOBA NATURAL RESOURCES

MAP 8 - WATER QUALITY IN THE CARBONATE ROCK AQUIFER - WINNIPEG REGION



SOURCE: MANITOBA NATURAL RESOURCES

(2) by drawing down a freshwater aquifer causing the intrusion of saline water at the boundary of the fresh and saline aquifers; and

(3) by drawing down a freshwater aquifer causing the intrusion of polluted surface water.

When available potable water supplies become polluted, the freshwater supply must then be provided by other means, such as private individual hauling, cisterns, or municipal-piped systems. In general, increasing unserviced rural residential development increases demand for potable water and increases the ground water pollution risk.

Due to the varied nature of soils and aquifers in the Winnipeg region, ground water issues are of a site-specific nature in respect of quality, quantity and pollution risk. Concern has been expressed that the drawing down of aquifers in the St. Adolphe, Ste. Agathe and St. Germain areas south of the Perimeter Highway may cause salinity in some of the present freshwater aquifers.

5.6.2. Directions

Aquifers should be protected from rural residential land uses that would result in depletion of ground water quantity and degration of its quality. Such developments should be directed to areas in the Winnipeg region which are not prone to ground water pollution. The type and intensity of developments should be determined in accordance with the sustained yield of the aquifer being used in the development's water supply. There should be site specific studies required to determine design specifications for both wells and septic fields.

Presently the drawing of water from aquifers for domestic use is unregulated. Although one is under discussion there is no adopted Provincial Land Use Policy which protects aquifers from uses that would result in ground water pollution, depletion and salinity.

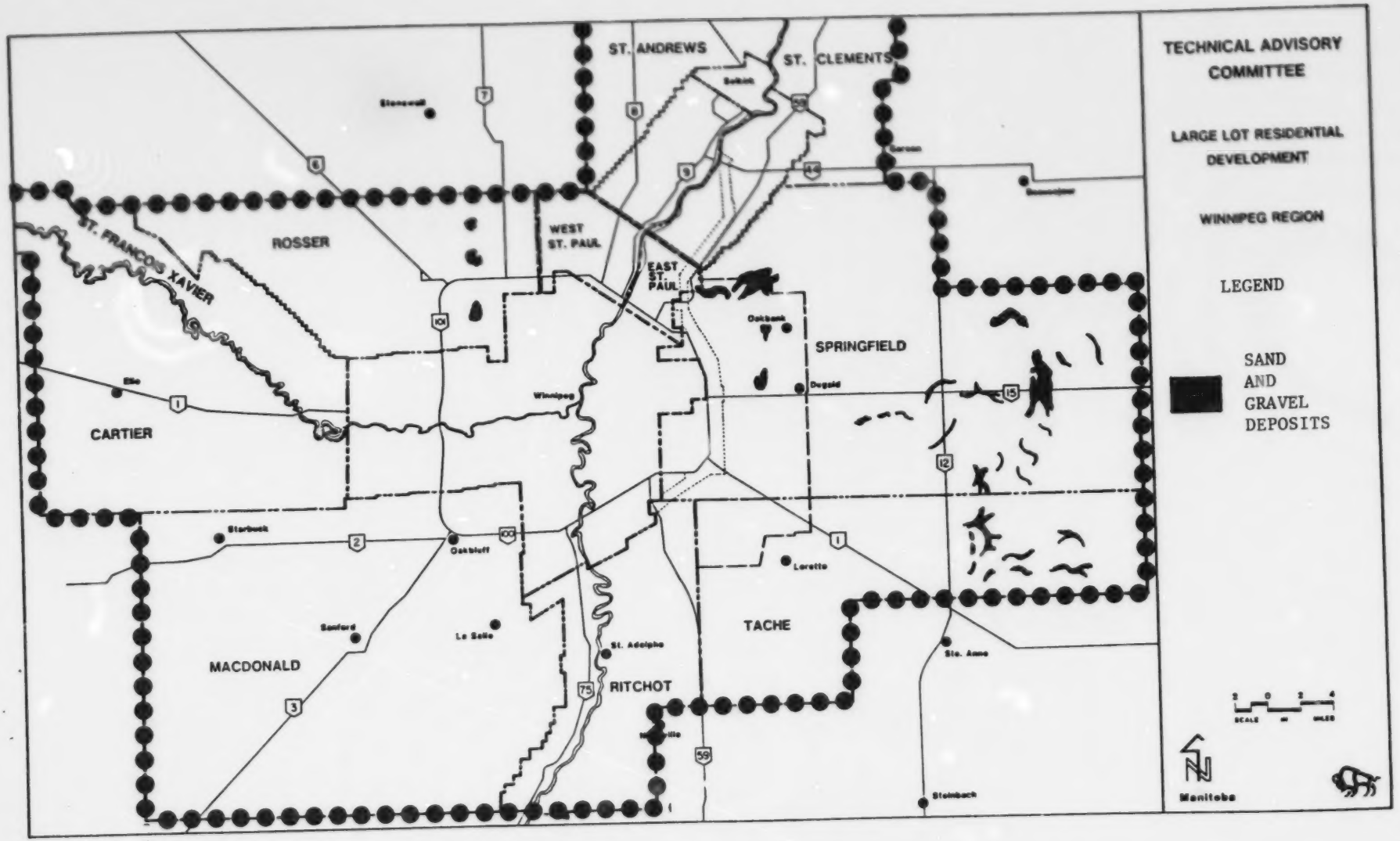
The study group recommends that the Province consider providing resources to conduct detailed aquifer studies in the Winnipeg region to identify areas where rural, residential development should be managed to protect freshwater aquifers.

5.7 Aggregate Resources

5.7.1. Problem

Areas in the Rural Municipalities of Springfield, Taché and Rosser contain deposits of sand, gravel and near-surface limestone which are in demand as construction materials by industry, government departments and agencies. Mineral extraction activities are known to create noise, dust, traffic, visual disamenity, etc. which conflict with rural residential uses. There is a need to direct rural residential uses away from these areas to ensure that land uses upon or adjacent to mineral resources do not preclude mineral exploration, development and extraction activities.

MAP 9 - AGGREGATE RESOURCES
IN THE WINNIPEG REGION



SOURCE: MANITOBA ENERGY AND MINES

5.7.2. Directions

Provincial Land Use Policy #13 requires that economically valuable aggregate and quarry mineral deposits should be protected from surface land uses that would interfere with their ongoing and future extraction. The policy identifies rural residential as a conflicting land use and states that such development on or near mineral resources shall be deferred until the mineral resource is extracted and the site rehabilitated. The policy has been effective since its adoption in avoiding land use conflicts associated with aggregate extraction. However, in the past, prior to the creation of the policy, unplanned rural residential development was located in close proximity to aggregate deposits. This situation has created ongoing land use disputes.

5.8 Recreational Resources

5.8.1. Problem

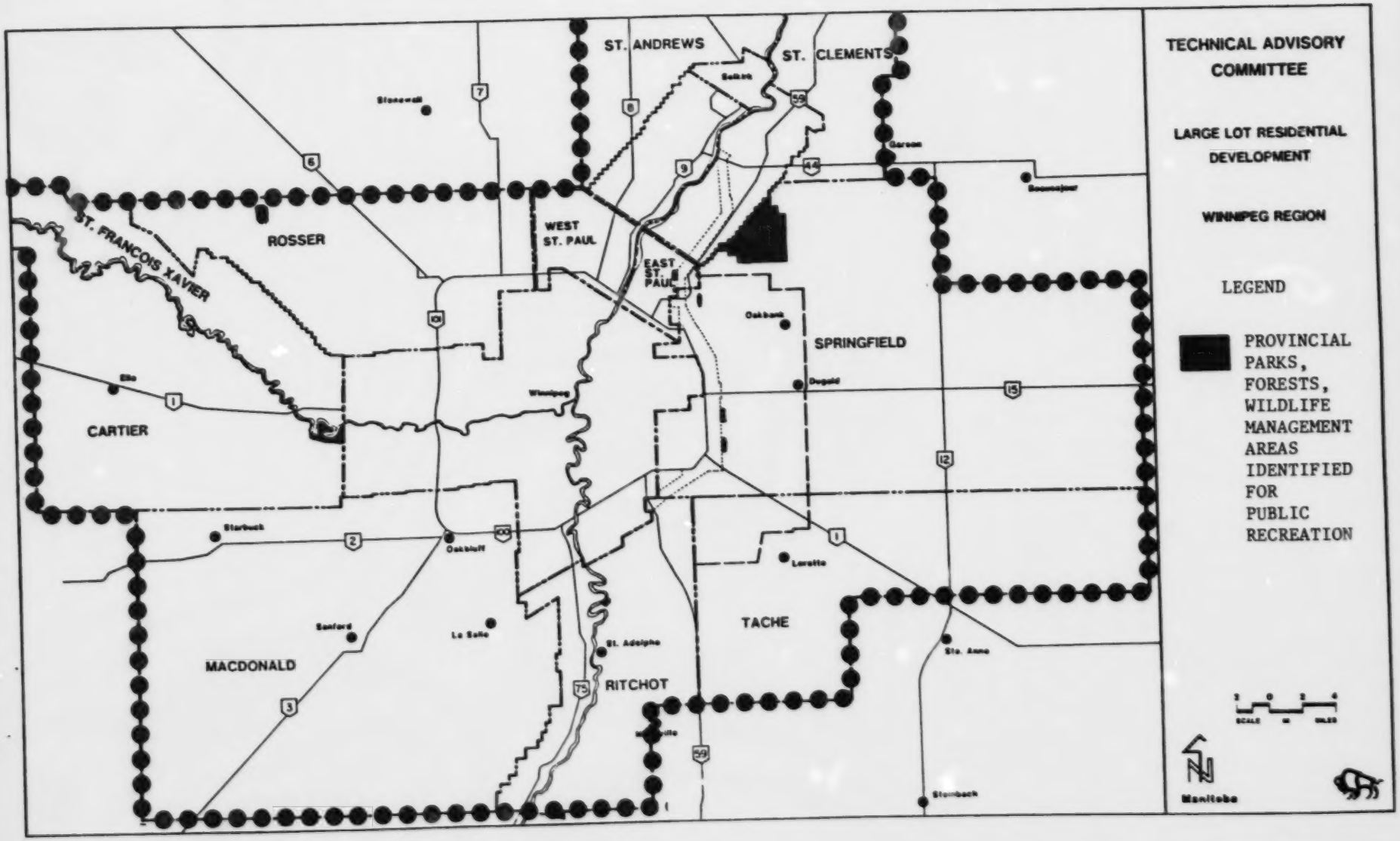
Many recreational and scenic resources are developed within the day-trip zones of large urban centres to meet the need for open space for leisure time pursuits. For example, the Province has developed a major provincial park near Birds Hill in the Winnipeg region. Increased residential development near recreational resources may reduce the quality of the resources if improperly planned and sited. The aesthetic and recreational aspects of a park may be negatively impacted by septic field failures, which could destroy fish habitat in nearby streams and rivers; by tree clearing on the periphery which reduces wildlife habitat; by improperly installed crossings which can restrict fish movements during the spawning season.

5.8.2. Directions

Recreational resources can be protected from conflicting uses by limiting development of rural residential uses adjacent to those resources and by developing regulations that describe densities and site-design standards.

Provincial Land Use Policy #8 discourages intensive residential development subdivision on lands adjoining recreation areas or preserves which are deemed potentially detrimental to the resource area or park character or experience. At present there are no regulations that prescribe densities and site-design standards for lands adjacent to recreational lands.

MAP 10 - RECREATIONAL RESOURCES
IN THE WINNIPEG REGION



SOURCE: MANITOBA NATURAL RESOURES

To develop such regulations, further information is required to determine the following:

- what are the exact effects of rural residential development on recreational resources.

- at what density of development will conflict occur between rural residential and recreational land uses.

- how close can development occur to different types of recreational uses before conflict occurs.

6.0 SETTLEMENT ISSUES

6.1. Introduction

Rural residential development because of its low density, creates patterns of settlement which may be difficult or costly to service effectively. In addition, such development may create impacts on certain areas of the region whose costs and benefits are not borne equitably.

6.2. Future City Growth

6.2.1. Problem

Rural residential developments in close proximity to the urban area often take up land which in future years may be required for urban expansion; or they may cause the urban area to unnecessarily expand by creating development pressure in the area between the rural and urban edges. The conversion of rural residential land to urban use is difficult because the purpose of rural residential development (to provide urban workers with a rural lifestyle) dictates that the nature of the development be an alternative to urban residential development. The lots are frequently quite large by urban standards; septic fields or tanks are commonly in use, as are wells and cisterns. To develop urban residences, or any other urban land use, would likely require a careful reorganization and redevelopment of the land in order to preserve the existing rural residences, or a wholesale and expensive, clearing of the existing rural residential development.

Enormous pressures exist in the Winnipeg region to re-designate lands on the periphery of the corporate boundaries of the City of Winnipeg to rural residential development. Within the City's boundaries, the City's development plan designates 6,647 acres of land for rural residential outside the line of urban development. As of January 1989, approximately 3,000 of the 6,647 acres were undeveloped.

6.2.2. Directions

To ensure that urban centres develop in an orderly and efficient manner, Provincial Land Use Policy #3 directs rural residential development away from lands adjacent to the boundaries of urban centres. It may be timely for the Government of Manitoba to apply Policy #3 to the City of Winnipeg. There is a need for communities to identify in their development plans, areas for future urban growth where rural residential development would be managed to enable more intensive land uses when required.

6.3. Protection of Transportation Corridors

6.3.1. Problem

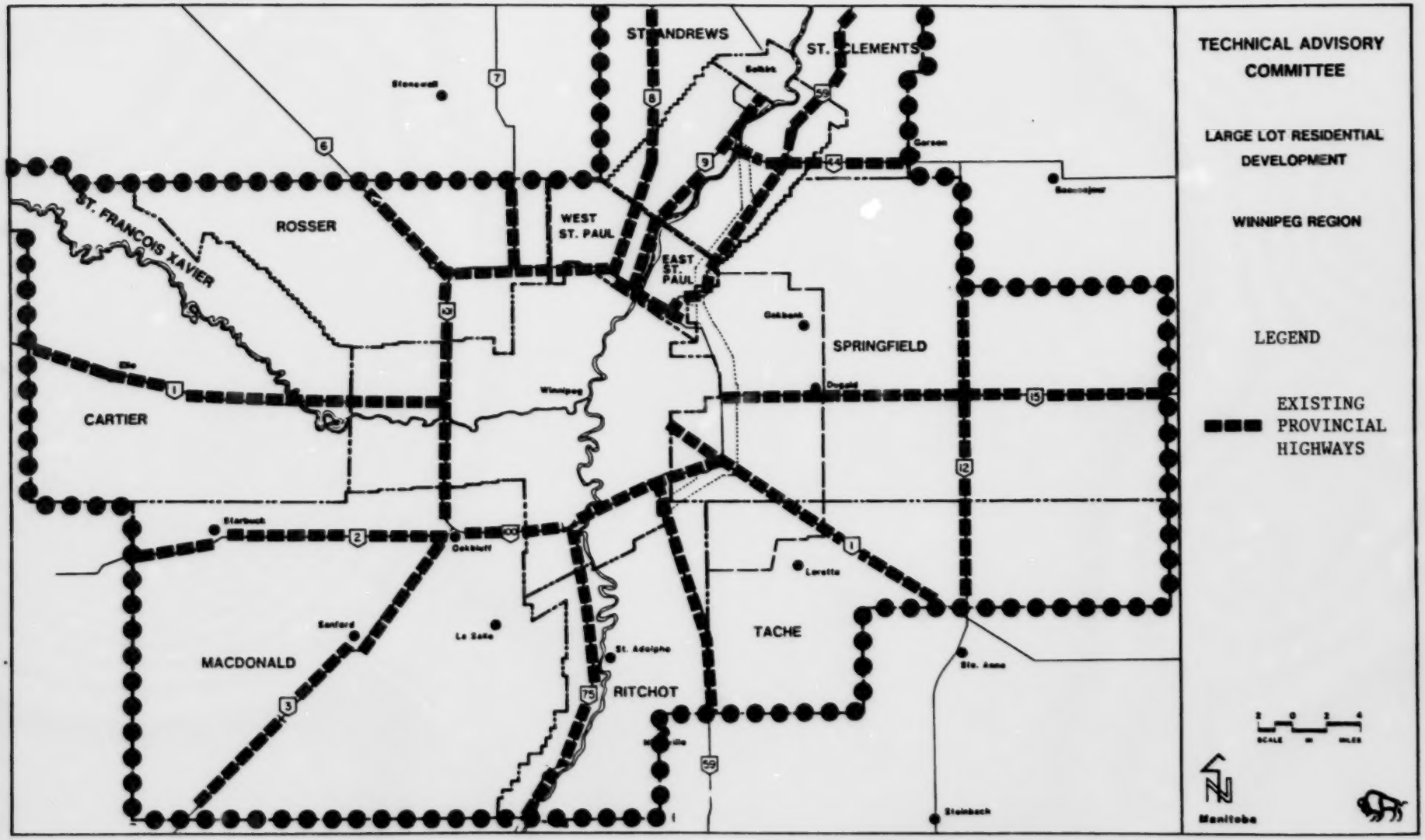
Changes in transportation technology in terms of the automobile and the development of the highways network have combined to produce the essential condition that has permitted the expansion of the regional city form - dispersal of residence, industry and to a lesser extent, commercial activities (Bryant, 1982, p.142). While the forces of exurban development may benefit from this advancement of transportation technology, the development of residences in close proximity to transportation corridors adds to the traffic volume and may interfere with the main function of the regional transportation network to move motorists over relatively long-distances with maximum safety and minimal interruption. This may reduce options for future highway expansion and may accelerate the need for costly highway improvements such as widenings and interchanges or highway relocations. Allowing residential development adjacent to major transportation routes will also expose rural residential residents to potential traffic noise problems and to accidents involving hazardous materials carried by a large percentage of truck traffic.

A number of existing and proposed provincial highways are located in the study area. Many of these highways have been affected by uncontrolled, scattered residential developments that have been allowed in the Winnipeg region over the years. Expensive remedial measures such as highway relocations and widenings must now be undertaken to remedy these problems. For example, highway relocations and widenings have been proposed in the Winnipeg - Selkirk and Winnipeg - Iles des Chênes corridors.

6.3.2. Directions

Provincial Land Use Policy #12 discourages rural residential development within certain distances of major provincial highways and intersections. It also restricts strip development whose access relies to its direct connection to the highway. Although the policy discourages rural residential development that would generate traffic in an amount or of a type that would unduly impair the present and potential capability of the adjoining highway to carry traffic safely and efficiently, it has been ineffective in curtailing the scattered pattern of rural residential development in the Winnipeg region. The institution of guidelines to direct future rural residential development into subdivisions which do not negatively impact transportation corridors should be vigorously pursued by the provincial government.

MAP 11 - MAJOR PROVINCIAL HIGHWAYS IN THE WINNIPEG REGION



SOURCE: MANITOBA HIGHWAYS AND TRANSPORTATION

6.4. Cost/Revenue of Rural Residential Development

6.4.1. Problem

When rural residential subdivisions are developed in a scattered pattern distant from existing centres, several costs are incurred by government. First of all, road and drain maintenance and snow removal costs increase markedly. Secondly, school bussing costs per household are significantly higher than in more concentrated developments as are telephone and hydro costs.

Furthermore, a large percentage of the lots may not be built on immediately. Public utilities, such as the Manitoba Telephone System and Manitoba Hydro, must install plant capacity adequate to service the entire development. A portion of the debt load for this infrastructure must then be carried by the public authority for as long as lots remain empty.

As rural residential development triggers the type of environmental problems outlined in Sections 5.4 and 5.6, municipal, provincial and federal governments will be called upon to assist financially in the provision of municipal infrastructure such as water supply systems, sewage treatment and solid waste disposal facilities.

The end result of allowing these situations is that municipal and provincial taxpayers will have to subsidize the provision of public services to rural residential development. In the past, some municipal governments have been proponents of rural residential development as a means of increasing revenues for municipalities. The question to be addressed is whether the benefits of rural residential development now and in the future outweigh the costs associated with such development.

6.4.2. Directions

Provincial Land Use Policy #3 states that rural residential development must be planned in a manner that will not produce unacceptable social or economic costs or present a danger to public health or safety. In 1972, the Manitoba Municipal Affairs Department commissioned a cost/revenue study of rural residential development in the Rural Municipalities of Rosser, Springfield and East St. Paul. The consultants were requested to compare revenues and costs for each of the three municipalities between 1966 and 1971. The consultants found that the costs and revenues relating to the general mill rate for the basic level of service were not changed significantly by the transition from a rural farm community to a rural non-farm community. During the time frame studied, East St. Paul had increased its dwelling units from 602 to 700. Rosser went from 283 to 295 units, and Springfield from 1463 to 1620 units. Given the magnitude of rural residential activity in the Winnipeg region in the last 12 years, it may be time for the provincial government to assess the economic impact of the existing supply and designation of rural residential development to determine if the amount of rural residential presently designated is acceptable.

A recent study in Ontario entitled "Financial Analysis of Resident Development: A Case Study For Brighton Township, September 1988", prepared by the Ontario Ministry of Municipal Affairs, concluded that the costs of rural residential development to the Brighton Township were in excess of the property taxes collected for such development and that farmers were effectively subsidizing rural residential residents. The Province should undertake a rural residential cost/benefit study to determine whether rural residential development actually pays for itself.

7.0 CONCLUSIONS

The report draws the following conclusions about rural residential development in the Winnipeg region:

1. Rural residential development is concentrated along the Red, Assiniboine and Seine Rivers in the Rural Municipalities of Taché, Ritchot, East & West St. Paul, St. Andrews and St. Clements and scattered in the north west section of the R.M. of Springfield (see Map 3). 72% of all rural residential lots in the Winnipeg region are between 1/2 and 6 acres in size.

2. The Winnipeg region has witnessed intense rural residential development between 1976 and 1988. Approximately 5,000 rural residential lots were created and 6,500 housing permits issued. Except for the City of Winnipeg, and the Rural Municipalities of Rosser, Macdonald, and Ritchot, rural residential development between 1976 and 1988 comprised 25 to 48% of the 1989 residential stock in various municipalities (see Table 2).

3. There are approximately 3,620 existing vacant parcels of land between 0 and 6 acres in size in the rural municipalities in the Winnipeg region. In addition there are another 9,967 existing vacant parcels over 6 acres in size in these municipalities for a total of 13,587 existing vacant parcels of land in the Winnipeg region municipalities. These numbers do not include the hamlets and villages such as Birds Hill, Oakbank, Lockport, Lorette, Ste. Agathe, LaSalle, etc.

4. Should previous trends continue, an estimated 8 year supply of vacant subdivided rural residential lots and an estimated 32 year supply of potential 2-acre lots designated in development plans, planning schemes, zoning by-laws and future plans exists within the Winnipeg region.

5. Rural residential development has had an impact and will have a greater impact on the management of resources and services in the Winnipeg region. The study found that there was a lack of information readily available to assess the extent of these impacts. There is a need for the Province to undertake further studies related to the following:

   - the actual number of serviced and unserviced rural residential lots, and potential lots as well as the geographic location of rural residential development;

   - actual and potential loss of prime agricultural land to rural residential development;

   - actual and potential loss of agricultural operations due to rural residential development;

   - effects of rural residential development on land values of agricultural land and its effective use;

- extent and causes of septic field failures in the Winnipeg region and identification of areas where private sewage disposal systems are not suitable;

- detailed identification of all flood-prone lands in the Winnipeg region;

- impacts of rural residential development on the drainage infrastructure and the costs associated with maintaining or improving this infrastructure;

- a detailed inventory of aquifers at risk from pollution, salinity and depletion problems;

- effects of rural residential development on adjacent recreational resources;

- areas of future suburban growth in the Winnipeg region; and

- fiscal impacts of rural residential development on municipal and provincial governments.

6. Management of rural residential development in the Winnipeg region involves at least 12 municipalities, 3 planning districts and various provincial government departments. In general, the Provincial Land Use Policies and policies and regulations contained in development plans and zoning by-laws attempt to guide rural residential development in a positive fashion. The problem is that the policies are not being applied consistently and evenhandedly by the various planning agencies. Secondly, there is no mechanism which provides an overview of the trends and impacts of planning decisions over the entire Winnipeg region.

NOTE: Since the establishment of the Technical Advisory Committee on Large Lot Unserviced Residential Development in the Urban Fringe Area, the Government of Manitoba has invited Winnipeg region municipalities to form a Winnipeg Region Committee with the Province for the identification and discussion of regional issues, concerns and approaches to resolving these issues and concerns. The TAC recommends that this report be forwarded to and its content discussed with the Winnipeg Region Committee.

7. A review of the various policies and regulations which manage rural residential development in the Winnipeg region has identified various weaknesses. The Committee recommends the following courses of action:

   - There is a need for the Province to develop guidelines to assist in the appropriate separation of agricultural operations (ie. livestock) and rural residential development.

   - Manitoba Regulation 95/88R which regulates private sewage disposal systems under The Environment Act should be reviewed to address the emerging problems of wastewater disposal in the Winnipeg region.

   - A policy and/or regulation should be adopted to protect aquifers from pollution, salinity and depletion.

   - Policy application of Provincial Land Use Policies should be reviewed to ensure that these are effectively addressing the problems generated by rural residential development.

   - A strategy plan which identifies the areas where rural residential development should be directed, should be prepared for review by the Winnipeg Region Committee. Only those areas which have the least cost impact on natural resources and public services should be designated for rural residential development. New rural residential development should be directed into existing vacant lots which do not negatively impact on the environment and municipal services.

APPENDIX A

TERMS OF REFERENCE

Technical Advisory Committee on Large Lot Unserviced Residential Development in Urban Fringe Areas

1.0 Objectives

1. To prepare a report and to recommend an appropriate land use policy and strategy on large lot, unserviced, residential development in the Winnipeg area. In this context, the Winnipeg area would include the City of Winnipeg and the municipalities immediately surrounding the City.

2. To undertake a review of existing background information on growth, demand and existing policies for large lot residential development. As a part of this objective the committee would identify gaps in existing necessary information, generate such data where practical, and identify future studies which might be undertaken.

3. To review and set siting criteria for large lot developments.

2.0 Tasks

1. Where available, the following background information and data will be reviewed by the committee:

   (a) number of acres, dwelling units and large lots created and developed since 1971;

   (b) vacant large lots available and undeveloped acreage identified for large lot use under current development plans;

   (c) potential demand for large lot development;

   (d) municipal and provincial costs versus revenues from large lot development;

   (e) conversion of large lot development to urban densities and its impact;

   (f) soils and land use; and

   (g) infrastructure problems due to existing services.

2. The committee will review existing provincial policies and practices regarding large lot unserviced residential development in the fringe area of urban communities and make recommendations to create a new policy or strengthen existing ones.

. . . /2

3. The policy established by the committee would take into account the following siting criteria:

   (a) impact on existing infrastructure, i.e. extension and impact on sewer, water and road systems, etc.;

   (b) impact on or by rail lines, pipe lines, highways, hydro transmission lines, etc.;

   (c) environmental concerns [engineering analysis of soil and water should be done to determine the land's long term capacity to sustain a concentration of septic fields and wells, including septic field construction techniques that would ensure adequate long term capacity; nearby livestock operations or industrial operations that might be negatively affected or that might have a detrimental effect on future residences (and should an abatement program be considered?)];

   (d) drainage and flood concerns;

   (e) impact on school and recreational facilities;

   (f) protection by emergency services (police, fire, ambulance);

   (g) premature loss of agricultural land;

   (h) demand for lots (are already designated areas becoming fully developed and can the developer demonstrate sufficient demand for such additional develpment?); and

   (i) impact on other resources, i.e. aggregate, water, etc.

3.0 Time Frame

The committee will endeavour to table its report with I.P.B. before April 1989. At least one interim progress report will also be submitted to I.P.B.

CT/ns
October 12, 1989
CT: APPEND-A

APPENDIX B

STUDY APPROACH

Step 1. Review Background Information

Information related to rural residential development and the study area was examined. This information included the Winnipeg Region Study, Provincial Land Use Policies, the status of planning in the study area, and a review of planning in selected jurisdictions across Canada.

Step 2. Historical Rural Residential Activity

A data base was developed describing the extent of rural residential activity in the study area between 1976 and 1988. For all jurisdictions in the study area, the number of rural residential lots created and the number of building permits issued was assessed.

Step 3. Assessment of Potential Rural Residential Activity

Potential rural residential development in the study area was estimated on using existing lot inventories plus the estimated number of lots which could be developed as identified and designated in existing plans.

Step 4. Demand Forecasting

Demand estimates for rural residential development was prepared.

Step 5. Supply/Demand Analysis

Estimates of future rural residential demand was compared to the inventory of existing lots designated and/or subdivided for rural residential development.

Step 6. Issue/Problem Identification

Issues and problems relevant to rural residential type development were identified. Fifteen issues have been identified which provide an indication of the type of changes needed to existing siting development criteria, current land use policies and/or planning activities. These issues have been categorized as relating to resource, service or growth management concerns.

Step 7. Analysis of Planning Issues

The planning issues evolving from the review of data related to rural residential development were identified and examined, and conclusions drawn.

CT/ns
October 12, 1989
CT: APPEND-B

APPENDIX C

PLANNING CONTEXT

1.0 LEGISLATION

1.1 The City of Winnipeg Act

Under Part XX of The City of Winnipeg Act, established in 1971, the Province of Manitoba delegates planning authority to the City of Winnipeg for lands within its corporate boundaries and those contained wholly within the Rural Municipality (R.M.) of East St. Paul and partly within the R.M.s of Taché and Springfield (see Map 12).

Part XX requires the City of Winnipeg to prepare a development plan to guide the use and development of lands within its jurisdiction. It also makes provision for the adoption of Community Plans and Action Area Plans. Both the Development Plan and the community plans and subsequent amendments must be approved by the Minister of Urban Affairs.

Further land use and development control is provided through the zoning and subdivision approval process. Zoning and subdivision by-laws must conform with adopted plans.

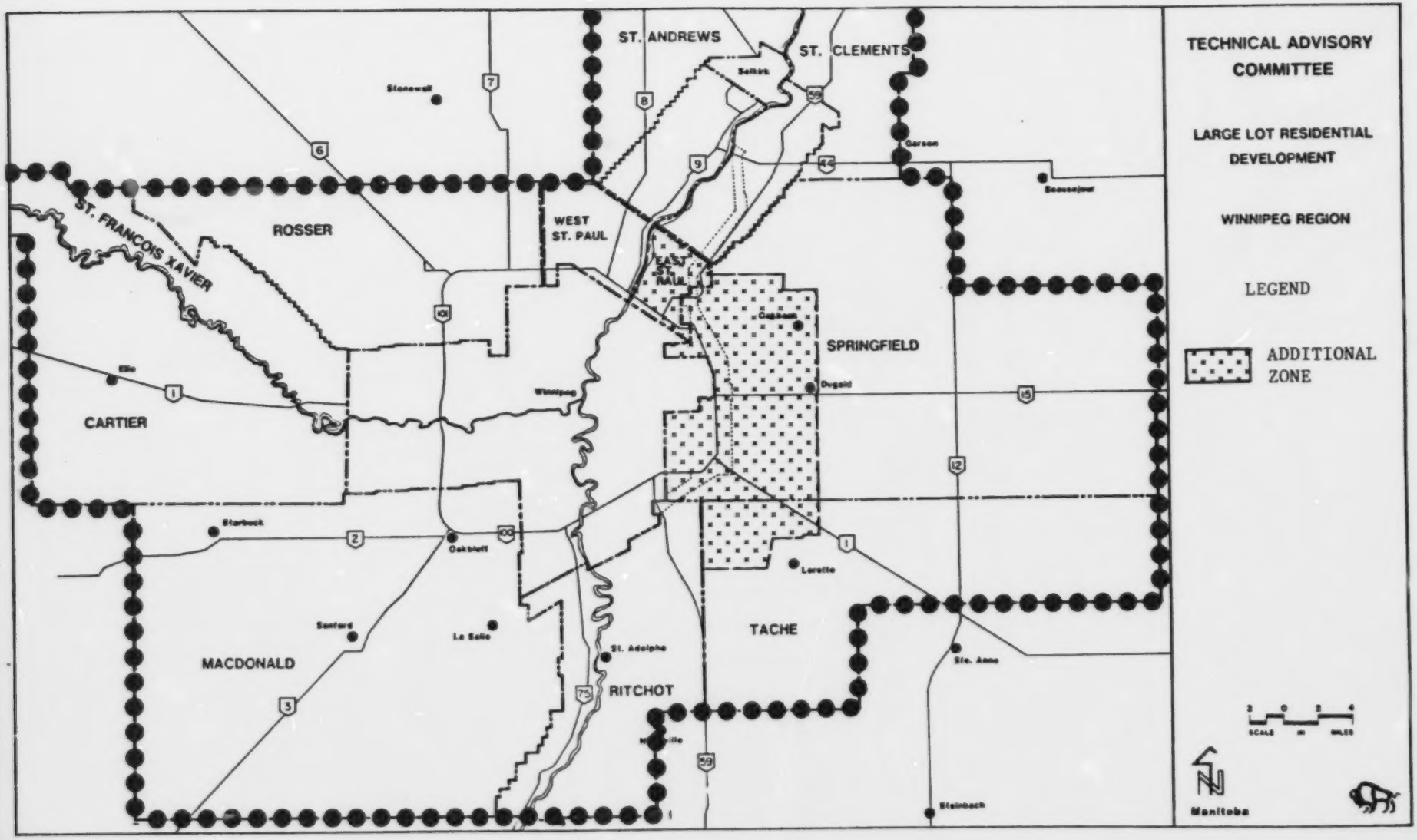
1.2 The Planning Act

The Planning Act, adopted in 1976, gives the Province of Manitoba planning authority over lands outside Winnipeg's jurisdiction. That Act also gives municipalities the authority to form a planning district and to adopt development plans (either individually or as a planning district). Once a district or an individual municipality adopts a Plan, The Planning Act requires zoning by-laws to be adopted. Authority for subdivision approval may be transferred to a planning district which has adopted a development plan.

1.3 The Environment Act

In 1987 was enacted The Environment Act which provides for the environmental assessment of development projects which are likely to have significant effects on the environment. Although rural residential developments are excluded from the review process outlined in the Act; all rural residential type developments must conform to all Environment Act regulations.

MAP 12 - THE ADDITIONAL ZONE



SOURCE: MANITOBA URBAN AFFAIRS

2.0 MANITOBA REGULATIONS

2.1 Provincial Land Use Policies (Manitoba Regulation 480/88R)

In response to a major land use study of the Winnipeg Region in the early 1970's, the Province of Manitoba adopted Provincial Land Use Policies as a regulation under the Planning Act in 1980. The Provincial Land Use Policies are used to guide land use and development decisions for jurisdictions without an approved Development Plan, and to review Basic Planning Statements and Development Plans. The Provincial Land Use Policies do not apply to lands within the City of Winnipeg's jurisdiction.

Out of the 13 Provincial Land Use Policies, Policy #3 relates specifically to rural residential type development. Policy #3 recognizes rural residential development as a legitimate form of land use "provided that the siting and design of such development reflects its role as an alternative to the urban life-style and not as an evolutionary step towards an urban environment. The Policy ensures that rural residential development takes place in a planned framework which

(a) relates to current and projected levels of demand;
(b) safeguards the present and future use of the Province's natural resources;
(c) complements the existing urban centres of the Province; and
(d) avoids unnecessary costs to the public or to the private sector due to premature or haphazard development.

Policy #3 outlines the general criteria for designating areas for rural residential development and the more specific criteria involved in siting rural residential development within the designated rural residential area. In addition, rural residential development cannot conflict with the other 12 policies. For example, Policy #1 protects prime agricultural land from rural residential subdivision where there are less than 3 residences on that land unit. The Province is currently undertaking a review of the Provincial Land Use Policies.

2.2 Environment Regulations

The Environment regulations most cited in evaluations of rural residential development are:

- the Livestock Production Operation Regulation (M.R. 93/88R) which requires an operator of a livestock production operation to register the operation with the Minister of Environment.

- the Private Sewage Disposal System and Privies Regulation (M.R. 95/88R) which sets the standards for septic tanks and disposal fields serving dwellings outside the jurisdiction of the City of Winnipeg; and

- the Waste Disposal Grounds Regulation (M.R. 98/88R) which sets standards and operating criteria for the more than 400 waste disposal grounds in Manitoba.

3.0 MUNICIPAL/DISTRICT PLANS AND POLICIES

3.1 The City of Winnipeg

As previously mentioned, the policies that guide the use and development of lands within the City of Winnipeg's jurisdiction are set out in the City's development plan. The most recent plan, the Greater Winnipeg Development Plan (By-law No. 2960/81) was adopted in April 1986 and is known as Plan Winnipeg. Policy 3 of Plan Winnipeg establishes land use policy areas. Two of these areas identified as "Large Lot Residential Development Areas" and "Hamlet Areas" provide for rural residential type development on 6,647 acres of land scattered within the boundaries of the City of Winnipeg (see Table 8 and Map 13).

Three policies of Plan Winnipeg set out the parameters for rural residential development. They are:

- Policy 14. This policy states that large lot development will not be permitted on lots less than two acres unless an Action Area Plan has been adopted by the City. Under an Action Area Plan large lot development would not be permitted on lots less than half an acre.

- Policy 15. This policy commits the City to regulate development and sewage disposal in Large Lot Residential Development Areas so as to endeavour to protect the quality and quantity of potable groundwater in both the subject and adjoining areas.

- Policy 16. This policy enables the City to require the developer to provide and pay for municipal services (sewer, water, land drainage, etc.) to Large Lot Residential Development Areas which are made necessary by development.

- Policy 18. This policy empowers the City to designate areas of existing development as Hamlets and to approve limited residential development on lots of at least one-half acre in those areas within the City of Winnipeg designated as Hamlets.

In the R.M. of East St. Paul and the parts of the R.M.s of Taché and Springfield under the planning jurisdiction of the City of Winnipeg, Plan Winnipeg (see Policy 93) designates two specific policy areas as follows:

(i) areas of limited urban expansion; and

(ii) rural areas.

See Map 14 for the location of these policy areas.

Policies 94 and 95 state that in those municipalities, the City shall endeavour:

(a) to maintain and protect the productive agricultural areas;
(b) to protect the natural resources from erosion and pollution;
(c) to control development adjacent to Provincial highways in support of the limited access concept of the Province of Manitoba; and
(d) to prepare Action Area Plans for those areas where future limited expansion is expected and for the following village communities: Oak Bank, Dugald, Oak Bluff, Middlechurch, and Bird's Hill.

Two Action Area Plans have been prepared for designated rural residential type policy areas within the City of Winnipeg:

- the St. Vital-Perimeter South Action Area Plan (By-law No. 1735/77) adopted in 1979; and

- the Kil-Cona Park Action Area Plan (West) (By-law No. 4884/88) adopted in 1988.

The first plan designates two types of rural residential areas within the St. Vital-Perimeter South region:

(i) Medium Density Rural Residential for which single family dwelling sites are subject to a minimum site area of two acres a minimum site width of 180 feet; and

(ii) Low Density Rural Residential for which single family dwelling sites are subject to a minimum site area of five acres and a minimum site width of 300 feet.

(See Map 15 for the location of these specific designations.)

The second plan establishes the following design criteria for residential development in the Kil-Cona Park area:

- lot sizes not less than one-half acre;

- private sewage disposal systems consisting solely of pump-out tanks; and

- the construction of dwelling and associated sewage and water supply system to be positioned so as to allow for the future subdivision of the larger lots to smaller holdings.

TABLE 8.

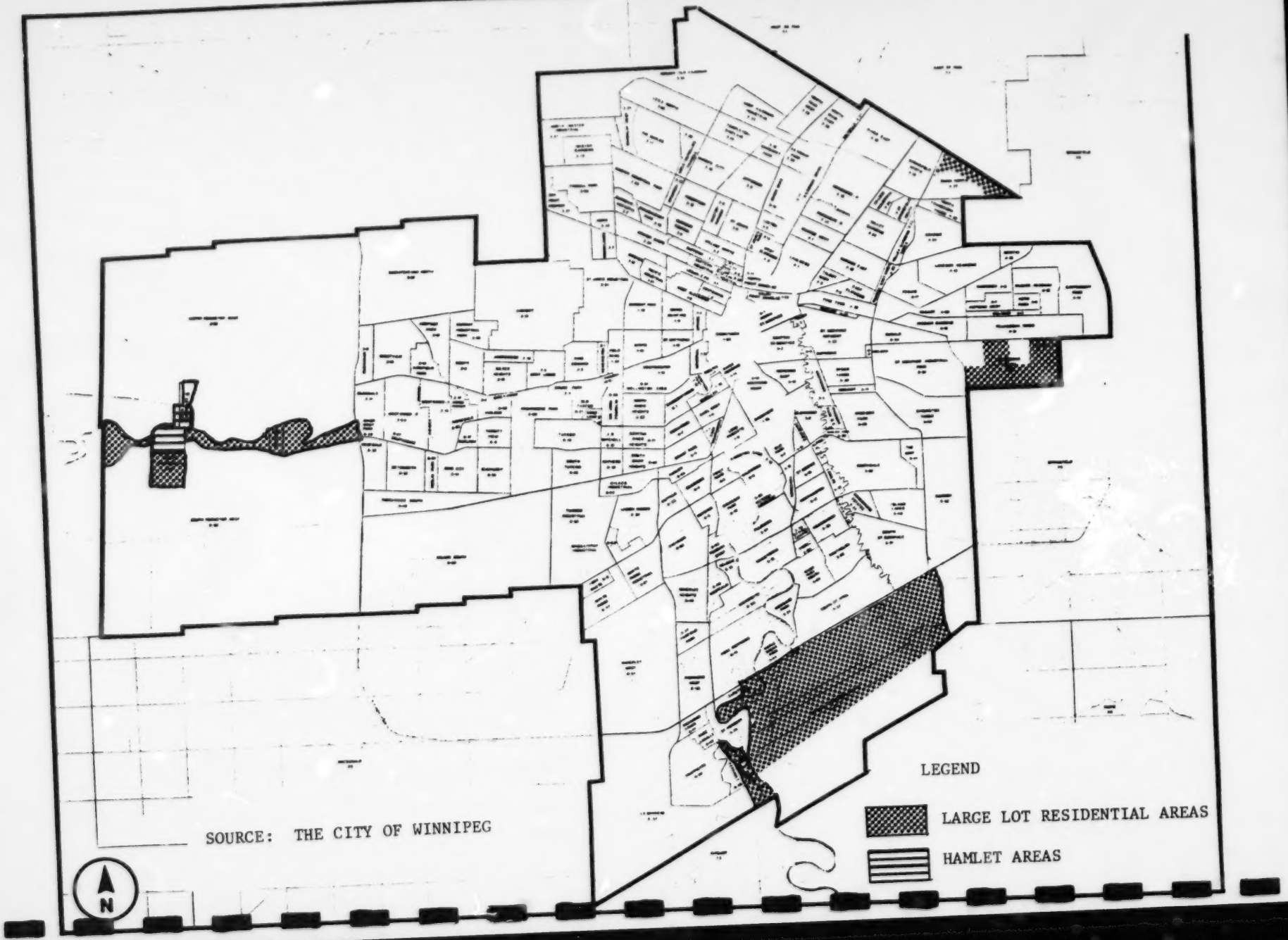
LARGE LOT RESIDENTIAL DEVELOPMENT STUDY

AMOUNT OF LAND DESIGNATED "LARGE LOT RESIDENTIAL" AND "HAMLET" POLICY AREAS IN THE CITY OF WINNIPEG

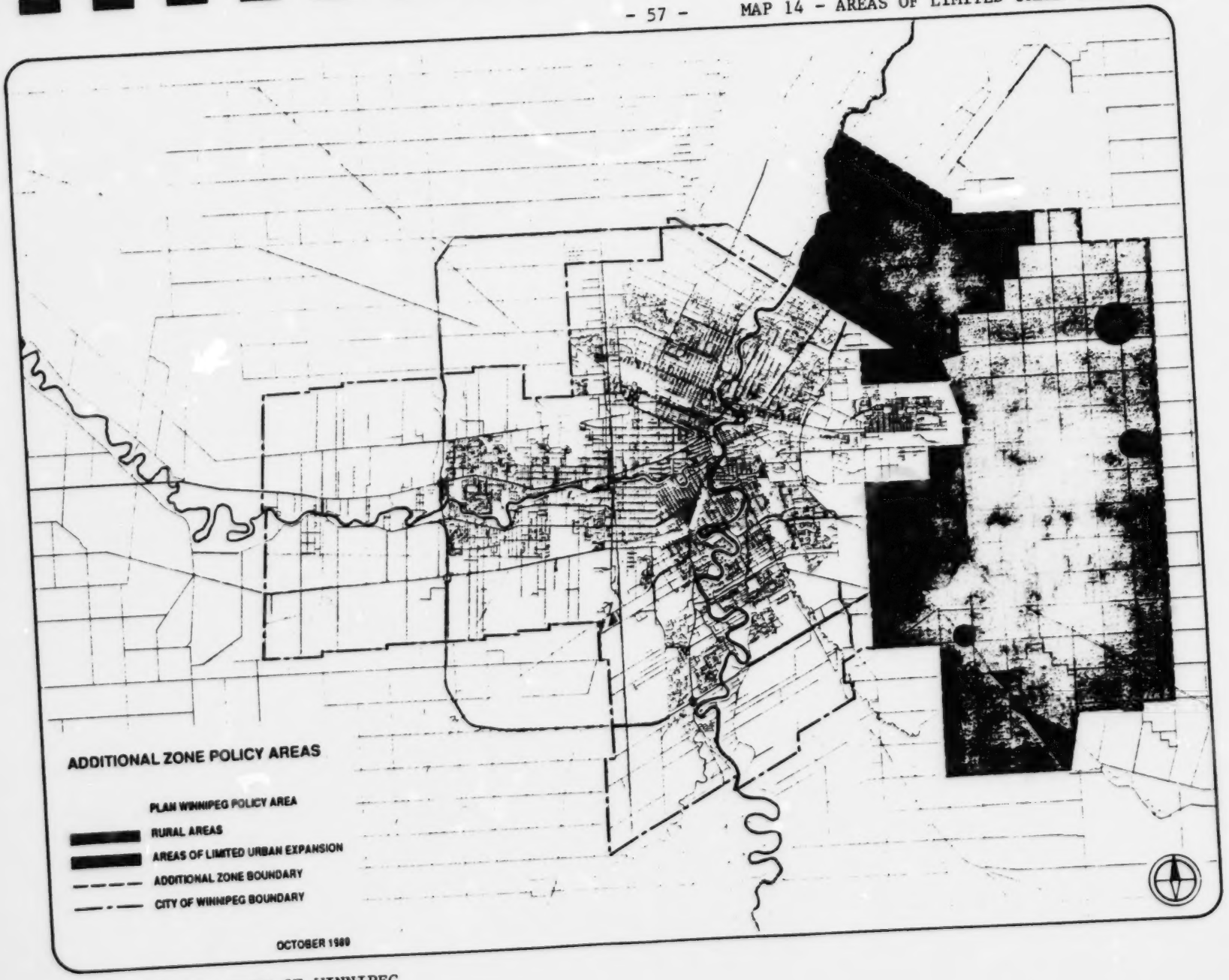
Area	Total Acreage	Potential Number of Building Sites
North Headingley (2.18)	160 acres	30 - 1/2 acre lots 20 - 5,000 square foot lots
North Perimeter West (2.23)	40 acres	40 - 1/2 acre lots
Kil-cona Park (4.27)	228 acres	100 - 1 acre lots
South Transcona (4.25)	1,010 acres	150 - 2 acre lots west of Symington Road 126 - 4 acre lots east of Symington Road
St. Vital Perimeter South (5.43)	1,420 acres designated for 2 acre lots 2,470 acres designated for 5 acre lots	300 - 2 acre lots 200 - 5 acre lots
Turnbull Drive (6.29)	154 acres	5 - 5 acre lots
Grange (6.39)	140 acres	20 - 2 acre lots
South Headingley (6.44)	450 acres	80 - 1 acre lots 23 - 5 acre lots
South Perimeter West (6.59)	575 acres	100 - 2 acre lots
TOTALS	6,647 acres designated	20 - 5,000 square foot infill lots 70 - .5 acre lots 180 - 1 acre lots 570 - 2 acre lots 126 - 4 acre lots 228 - 5 acre lots
		3,000 acres of developable land for Large Lot Residential

January, 1989
City of Winnipeg
Department of Environmental Planning

MAP 13 - AREAS OF LARGE LOT RESIDENTIAL AND HAMLET IN THE CITY OF WINNIPEG

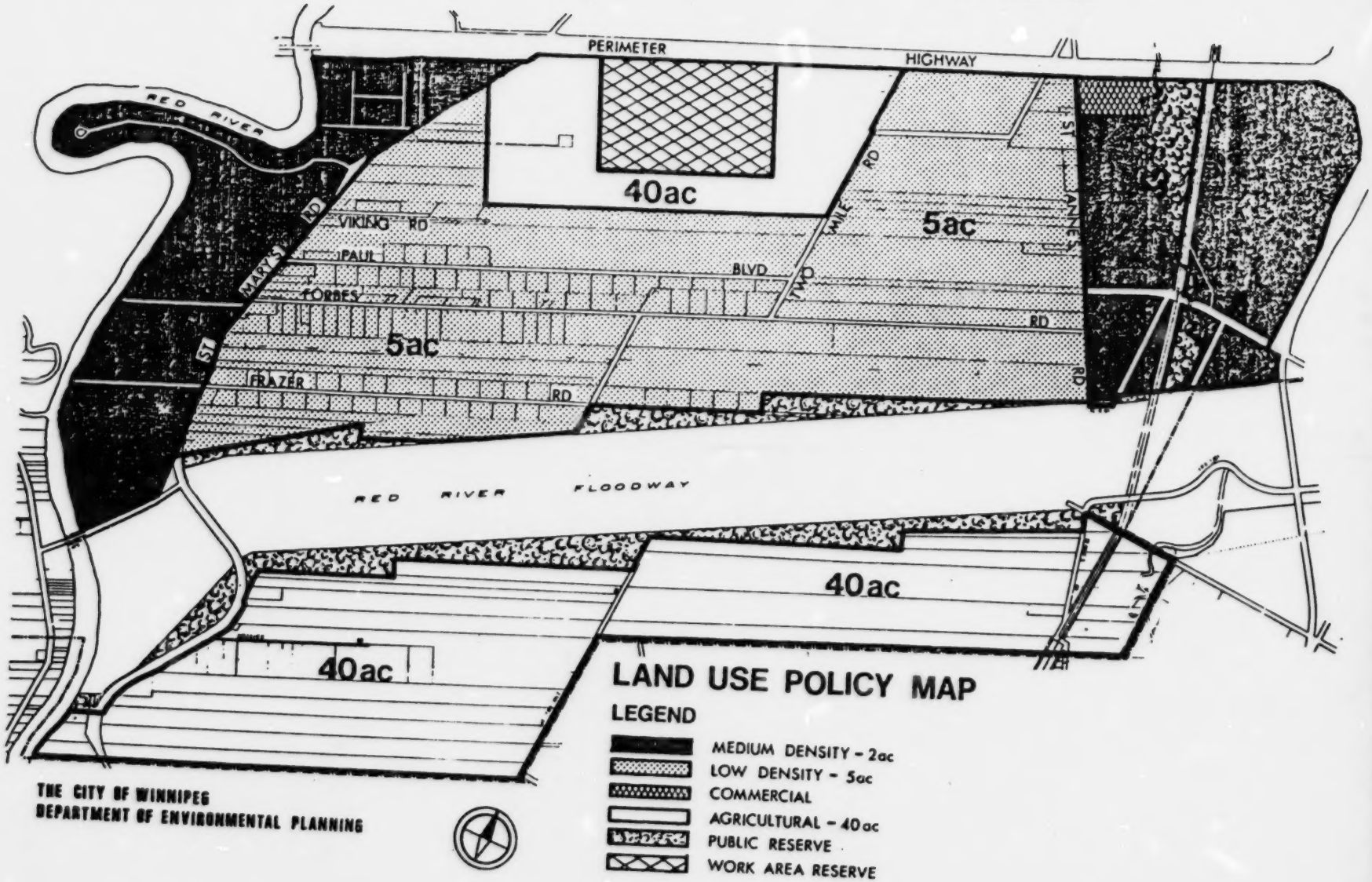


MAP 14 - AREAS OF LIMITED URBAN EXPANSION



SOURCE: CITY OF WINNIPEG

MAP 15 - ST. VITAL PERIMETER SOUTH
ACTION AREA PLAN



3.2 West St. Paul

On June 10, 1989, planning authority for lands in West St. Paul was transferred from the City of Winnipeg to the Selkirk and District Area Planning Board.

Presently, the use and development of lands in West St. Paul is guided by:

(a) a Community Plan prepared and adopted by the City of Winnipeg in 1981 and updated in 1986; and
(b) a 1959 Planning Scheme which zones most of the residential areas in the municipality at five acres.

The major objectives of the West St. Paul Community Plan relating to rural residential development are:

- to preserve the rural character and integrity of the municipality;
- to reinforce existing settlement patterns and the provision of efficient servicing.

The plan permits three types of residential developments in designated areas:

- suburban development up to a density of one unit per half acre;
- medium rural development up to a density of one unit per two acres; and
- low density rural development up to a density of one unit per five acres.

Map 16 identifies the areas designated rural residential in the West St. Paul Community Plan. Table 9 summarizes the amount of land designated for large lot residential development under the West St. Paul Community Plan. The Selkirk and District Area Planning Board is currently preparing a by-law which will in effect, make the Community Plan a part of the District's Development Plan, and West St. Paul will also then adopt a zoning by-law.

3.3 East St. Paul

The entire rural municipality of East St. Paul comes under the planning jurisdiction of the City of Winnipeg. Under The City of Winnipeg Act, the City of Winnipeg is required to obtain consent in the form of a resolution passed by the R.M. of East St. Paul before changing land use in that municipality.

Currently, the R.M. of East St. Paul does not have an approved development plan in place. In the absence of an approved plan, land use decisions regarding rural residential development are guided by Plan Winnipeg Policy 93 and a 1956 zoning by-law. Policy 93 designates the entire municipality as an area of limited urban expansion which could permit a variety of rural residential development on 10,880 acres.

TABLE 9 LARGE LOT RESIDENTIAL DEVELOPMENT STUDY

AMOUNT OF LAND DESIGNATED FOR LARGE LOT RESIDENTIAL DEVELOPMENT UNDER THE WEST ST. PAUL COMMUNITY PLAN

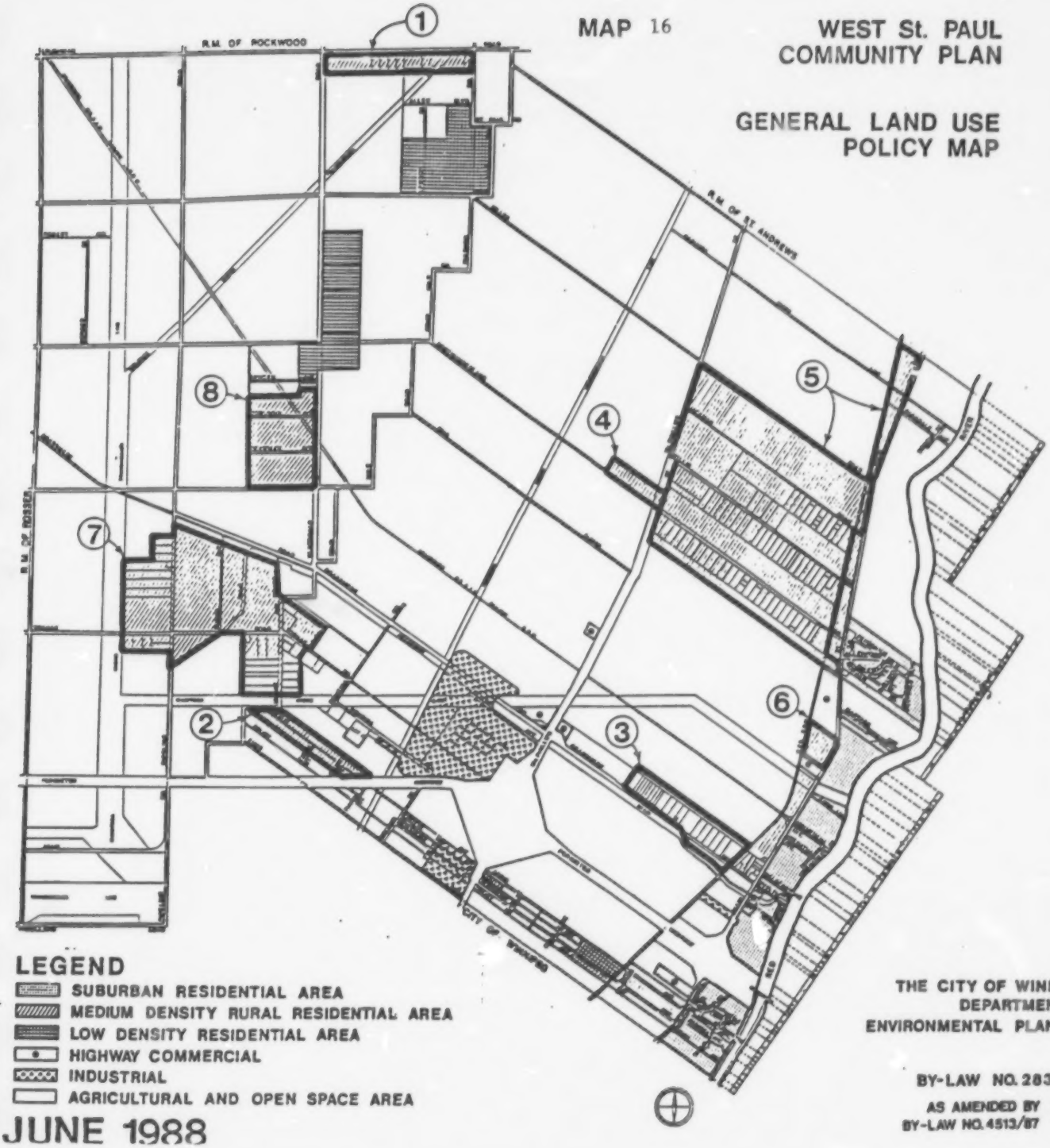
POLICY AREA	ACREAGE	POTENTIAL NUMBER OF BUILDING SITES
Suburban Residential (1/2 Acre Lots)	192 Acres	96 Lots
Medium Density Residential (2 Acre Lots)	2,365 Acres	1,180 Lots
Low Density Residential	220 Acres	44 Lots
TOTALS	2,777 Acres	1,320 Building Sites

December, 1988
City of Winnipeg
Department of Environmental Planning

MAP 16

WEST St. PAUL COMMUNITY PLAN

GENERAL LAND USE POLICY MAP



LEGEND

- SUBURBAN RESIDENTIAL AREA
- MEDIUM DENSITY RURAL RESIDENTIAL AREA
- LOW DENSITY RESIDENTIAL AREA
- HIGHWAY COMMERCIAL
- INDUSTRIAL
- AGRICULTURAL AND OPEN SPACE AREA

JUNE 1988

THE CITY OF WINNIPEG
DEPARTMENT OF
ENVIRONMENTAL PLANNING

BY-LAW NO. 2833/80
AS AMENDED BY
BY-LAW NO. 4513/87

Recently, the City of Winnipeg undertook the preparation of a development strategy for the R.M. of East St. Paul. This development strategy is being prepared in lieu of a community plan which is viewed as being too difficult to amend, should circumstances warrant changes. This development strategy is based on a number of broad goals and objectives that will be supported by detailed criteria such as a priority on encouraging infill on existing streets rather than creating new street openings. The City of Winnipeg has also submitted a more up to date zoning by-law to the municipality as a model that they could consider in revising the current zoning by-law.

3.4 Springfield

Springfield is one of two municipalities where whole land use is under the control of two different jurisdictions. For areas of the municipality within the Additional Zone, the City of Winnipeg is the planning authority; for areas outside the Additional Zone, the Province of Manitoba is the planning authority.

Plan Winnipeg, Policy 93 designates approximately 16,500 acres of land for "limited urban expansion", i.e. rural residential development (see Map 3). A draft community plan was prepared for the Additional Zone portion of Springfield in 1981, but the plan has never been approved. The draft plan significantly reduces the area designated as "limited urban expansion" and is used administratively as an informal decision-making guide when evaluating subdivision applications. Development control in this portion of the municipality is exercised through a 1959 planning scheme. The City of Winnipeg is the subdivision approving authority for the portion of Springfield in the Additional Zone.

For the balance of the municipality outside the Additional Zone, an approved development plan is in place. This development plan, approved in 1981, is currently being reviewed. The existing development plan does not incorporate land use policy designations but rather a development strategy based on a criteria approach. Rural non-farm policies are broadly targetted towards four major areas:

- encouraging the development of existing lot inventories rather than approving new subdivisions;
- reassessing demand for rural residential development when the lot inventory has been reduced to a two-year supply;
- accommodating a service strategy adjustment period based on the substantial servicing demands associated with historical building activity;
- implementing a policy of stabilizing land use through the adoption of a zoning by-law (adopted in 1987).

Since the portion of Springfield outside the Additional Zone is not part of a district, the Province is the subdivision approving authority.

3.5 Taché

Taché has a split planning jurisdiction similar to that of Springfield.

The area of Taché in the Additional Zone is subject to Plan Winnipeg Policy #93, Areas of Limited Urban Expansion. There is no completed development plan or zoning by-law in place, for this portion of the municipality. The magnitude of development, however, is quite low with an average of only six building permits issued on a yearly basis. Consequently, the lack of formal plans and policies does not constitute a significant problem when dealing with rural residential development proposals. The City of Winnipeg is the subdivision approving authority for this part of the municipality.

The balance of the municipality outside the Additional Zone comes under the planning jurisdiction of the Province of Manitoba. A Development Plan was given first reading earlier this year. In the absence of an approved Development Plan, Provincial Land Use Policies are used to evaluate subdivision applications. Taché does not have zoning by-law. The Planning Scheme for Taché only covers the communities of Landmark and Lorette. The Province is the subdivision approving authority for the area of the municipality outside the Additional Zone.

3.6 Ritchot

In 1984 the Macdonald-Ritchot Planning District was formed and the municipality of Ritchot came under the planning authority of the district. A development plan for the District was given second reading in September of 1989 and is awaiting a Municipal Board hearing. In the absence of an approved development plan, Provincial Land Use Policies are used to evaluate rural residential development applications. Although a large area of Ritchot has been designated rural residential under a 1966 Planning Scheme, the Provincial Land Use Policies supercede these zoning designations where a conflict arises. Subdivision approval authority rests with the Province of Manitoba in the absence of an approved development plan.

3.7 Macdonald

The status of planning for Macdonald is virtually the same as that for Ritchot. The Planning Scheme for Macdonald came into effect in 1962 but is superceded by the Provincial Land Use Policies where a conflict between the two arises.

3.8 Cartier

A Basic Planning Statement adopted for Cartier in 1979 emphasized the preservation of a rural agricultural character within the municipality. A series of objectives and policies were developed for both agricultural and rural residential land uses to guide future development. There are six agricultural policies and thirteen rural residential policies in the Basic Planning Statement. Many of these policies reflect highly specific circumstances or provide detailed evaluation criteria with respect to the assessment of land subdivision. The policies which would have a major bearing on rural residential development are summarized as follows:

- No land subdivisions under 80 acres will be allowed in areas preserved for a full range of agricultural activities.
- Rural residential development should be located in designated rural residential areas and in St. Eustache, Springstein and Dacotah.
- Where rural rsidential lots are permitted, a suggested minimum lot size of two acres is proposed in order to maintain the rural character of the land.
- The onus is on the developer to demonstrate sufficient demand for developed lots to justify the subdivision of land.

The land use plan for Cartier designates only three very small areas along the Assiniboine River for rural residential development. In 1987 a zoning by-law was adopted for the municipality to assist in the implementation of the policies and objectives of the Basic Planning Statement. Because Cartier is not in a planning district, the Province of Manitoba remains as the approving authority for all subdivision applications.

3.9 St. François Xavier

The planning authority for St. François Xavier is the Province of Manitoba. In the absence of an approved development plan or the inclusion of a planning district, the Province is the approving authority for all subdivision applications. Provincial Land Use Policies are used to review rural residential proposals. A development plan is currently in the early stages of preparation. A planning scheme for St. François Xavier was adopted in 1975 but is superceded by Provincial Land Use Policies where a conflict between the two arises.

3.10 Rosser

In 1980, Rosser joined the South Interlake Planning District with the R.M. of Rockwood, the Town of Stonewall and the Village of Teulon. In 1984 a development plan for the planning district was approved. In 1985 a zoning by-law was adopted for Rosser. The Province delegated the subdivision approval authority to the planning district in 1988. Rural non-farm development is managed on the basis of a number of policies and objectives relating to rural agricultural areas and specified rural residential areas in the district. The R.M. of Rosser has no areas designated for rural residential development. Minimum parcel sizes are 80 acres under the Development Plan.

The South Interlake Planning District completed a five year review of its development plan in late 1989. The review did not result in any substantial changes to the R.M. of Rosser designation.

3.11 St. Andrews

Planning authority for St. Andrews is vested with the Selkirk and Area Planning District which includes the Town of Selkirk and the R.M.s of West St. Paul and St. Clements. The development plan for the district was adopted in 1984. A five year review of the development plan has just recently been completed. No substantial changes to the agricultural or rural residential policy areas occurred in this review. The current development plan includes comprehensive policies for agricultural and rural residential areas. The development plan establishes three agricultural policy areas, A-1, A-2 and A-3, which are zoned at 80, 40 and 4 to 30 acres respectively. The areas zoned A-3 have significant potential for rural residential development.

Rural residential policy areas are designated in a land use concept plan. The development plan stipulates a policy of a minimum lot size of 60,000 square feet (approximately 1.5 acres). The development plan also requires that rural residential areas will be guided by conceptual sector plans. The sector plans and a 1987 zoning by-law are the two main instruments by which the objectives and policies of the development plan are implemented. Sector plans are developed on an "as required" basis prior to development approval. The current zoning by-law in St. Andrews designates five acre areas and less than five acre areas for rural residential development.

The Selkirk and Area Planning District Board is the subdivision approving authority for St. Andrews.

3.12 St. Clements

The planning status of St. Clements is similar to that of St. Andrews. The St. Clements zoning by-law was adopted for the municipality in late 1989.

APPENDIX D

RURAL RESIDENTIAL DEMAND PROJECTIONS

Preface

Demand Projections for the subject study area have been prepared in two parts. This was deemed necessary in that assumptions, variables and general "environmental" considerations are regarded as quite different when comparing rural residential development in the City of Winnipeg/Additional Zone and in the neighbouring Rural Municipalities.

Part "A" deals with demand projections for the City of Winnipeg/Additional Zone and Part "B" deals with the Rural Municipalities.

Please note that the term "large lot residential" as used in Part "A" is meant to signify the term "rural residential".

In order to undertake relatively accurate demand estimates or projections, it is critical that the necessary market analysis incorporates information that details the characteristics of the likely demand or user base. Specifically, a user group profile is normally prepared that incorporates household/ demographic compositions with respect to household size, ages and income, as well as date pertaining to housing unit market characteristics such as unit size and value.

Without the availability of such information it becomes difficult to assess the impacts of general housing market trends on large lot residential demand levels over the medium to long term. In particular, the effect of critical variables including land/unit development costs and interest rates on large lot residential demand trends cannot be entertained.

Unfortunately, whereas such user group profiles do exist for the general Winnipeg housing market, none exist that pertain to the large lot residential submarket. The preparation of a large lot residential market profile would contribute directly to the preparation of long-term demand estimates that would not be burdened by a potentially high degree of error.

Furthermore, the development of accurate demand estimates would provide for the generation of more detailed large lot development policies based on realistic market demands.

DEMAND FORECASTING METHODOLOGY

PART A: CITY OF WINNIPEG AND ADDITIONAL ZONE

I Large Lot Absorption Rates

i City of Winnipeg:

Over a 13 year period between 1976 and 1988, a total of 352 building permits were issued for the development of single-detached houses on sites contained in the City of Winnipeg. This averaged out to 27 lots per year. In comparison, overall single-detached starts for the City of Winnipeg were 30,570 or an average of 2,350 per year. Therefore, large lot development accounted for approximately 1.2% of Winnipeg's housing start levels.

In reviewing the last 13 year reference period, large lot development peaked in 1977 as a percentage of total city single- detached housing starts -- 1.6% -- and in 1980 -- 1.6%. This fact is worth noting in that 1980 was the year that City of Winnipeg starts "bottomed out" just prior to the height of the housing recession. Data indicates that large lot development relative to Winnipeg single-detached starts never fully rebounded to pre-1980 levels. By way of further analysis of the past 10 years (1979-88), except for a marked dip in large lot development in 1981, large lot starts (permits) maintained relative momentum up to the end of the housing recession in 1982. During 1983-88 large lot development accounted for approximately 1.0% of City of Winnipeg start levels which had rebounded during that period to pre housing recession levels.

However, in absolute terms, large lot development has generally maintained itself at pre-recession levels. Nonetheless, actual levels (ie., an average of 27/yr.) are not considered to be substantial to justify nor warrant protracted analysis.

ii Additional Zone:

Between 1976 and 1988, a total of 1,423 building permits were issued for large lot development (i.e., 5 acres and less) in the four rural municipalities still contained within Winnipeg's "additional zone". This averaged out to about 109 units or lots per year.

TABLE 1: PERMIT ACTIVITY -- LARGE LOT RESIDENTIAL DEVELOPMENT

Year	Large Lot Permits C. Wpg	C. of Wpg Sgl-detach Starts	Large Lot Permits as % of S.F.D.	Permits Issued in "Add. Zone"	Distribution of Permits		Total Permits C/W "Add. Zone"	Total Permits as % of Winnipeg S.F.D. Starts
					C. of Wpg	"Add. Zone"		
1-1976	42	2,927	1.4%	81	34%	66%	123	4.2%
2-1977	38	2,424	1.6%	52	42%	58%	90	3.7%
3-1978	26	2,485	1.1%	78	25%	75%	104	4.2%
4-1979	15	1,514	1.0%	63	19%	81%	78	5.2%
5-1980	16	1,000	1.6%	52	24%	76%	68	6.8%
6-1981	11	1,793	0.6%	60	16%	84%	71	4.0%
7-1982	10	731	1.4%	51	16%	84%	61	8.3%
8-1983	28	2,759	1.0%	89	24%	76%	117	4.2%
9-1984	29	2,564	1.1%	132	18%	82%	161	6.3%
10-1985	27	2,946	0.9%	183	13%	87%	210	7.1%
11-1986	35	3,256	1.1%	239	13%	87%	274	8.4%
12-1987	44	3,596	1.2%	206	18%	82%	250	7.0%
13-1988	31	2,573	1.2%	137	18%	82%	168	6.5%
1976-88	352 (27/Yr)	30,568 (2,351/Yr)	1.2%	1,423 (109/Year)	20%	80%	1,775 (137/Year)	5.8%

In terms of the additional zone, one readily concludes that development has followed a definite growth or consistent absorption trend. Between 1976 and 1983, absolute levels ranged from 51 to 89 units-lots or 66 per year on average. However, over the last five years (1984-88) permits ranged from 132 to 239 or 179 per year on average. This has closely matched the levels of single-detached starts that the City of Winnipeg has experienced since the end of the 1979-82 housing recession. In fact, within the additional zone,levels over the past years were about three times the levels over the eight years prior.

The peak years of 1986 (239 permits) and 1987 (206 permits) followed the same two peak years for City of Winnipeg single-detached starts. As well, the low years very closely corresponded to Winnipeg levels during the period of the housing recession.

iii City of Winnipeg Proper and Additional Zone:

When both geographic areas are viewed in combination, the figures point to a definite growth spurt in the years following the housing recession. Over the past five years (1984-88) large lot development represented just over 7% of Winnipeg area starts. For 1988 the level of large lot residential permits (168) had dropped by approximately 33% over 1987, roughly matching the year following the general housing recession recovery. Nevertheless, the 1988 level was still approximately 60% over pre-recession levels, thereby indicating further room for adjustment downwards which would follow currently decreasing single-detached starts for the City of Winnipeg.

Throughout 1976-88, combined City of Winnipeg/Additional Zone large lot development (permit) activity was split 20%/80%. Prior to the general housing market recession the split stood at about 35%/65%. After the recession (i.e., 1984+), the split moved more in favour of "additional zone" development at 16%/84% per year on average.

II History of Demand -- Submarket Areas

i City of Winnipeg:

For purposes of this analysis an examination has been made of the nine "large lot residential development" and "hamlet" policy areas within the City of Winnipeg. Of these area, only two emerge as having experienced substantial activity (permits) on a relative basis. St. Vital Perimeter South witnessed 138 permits between 1976 and 1978, and 78 permits

were issued for South Headingley. Together, this accounted for over 60% of activity within the City of Winnipeg. Both these areas represent the primary growth nodes for large lot development in Winnipeg.

St. Vital Perimeter South in itself accounted for 40% of activity over the last 13 years (138 permits). Upon closer examination, large lot absorption at this location has followed, in general terms, the trends that have existed for the single-detached market throughout the city. In fact, large lot absorption or demand "bottomed-out" over a four year period between 1979-82 -- the period of the general housing market recession. Otherwise, demand has been somewhat consistent having peaked in 1987, the year that single-detached housing starts peaked for the City of Winnipeg.

Although permit activity on an absolute numbers basis is not sufficient to warrant "Scientific" conclusions, suffice to note that activity levels over 1983-87 correlated to the general single-detached housing market resurgence that Winnipeg experienced following the housing market recession. By 1988, activity in this submarket area fell by 40% or from 15 permits on average over 1983-87 to 9 permits.

As well, the second submarket area of South Headingley, has had consistent (78 permits) absorption activity since 1976, except during the housing market recession. If anything, activity has shown a slight increase since 1983. When two adjacent large lot residential, submarket areas -- North Headingly (29 permits) and South Perimeter West (32 permits) -- are viewed in combination, this part of the City has accounted for approximately 40% of large lot activity over the last thirteen years. On an individual basis, these latter two areas, however, have individually only experienced an average of 2-3 permits per year over the last thirteen years.

Aside from key large lot residential areas in south and west Winnipeg, the South Transcona submarket area in east Winnipeg is worth noting. This area witnessed 39 permits between 1976-88 or 3 per year, accounting for 11% of large lot residential development activity in Winnipeg.

ii Additional Zone:

Between 1976-88 large lot residential development activity was dominated by the R.M. of East St. Paul, which accounted for 49% of all permits issued in the additional zone. The remaining R.M.'s of West St. Paul, Springfield and Tache each accounted for 32%, 14% and 5% of permits issued, respectively.

Each of the four R.M.'s in the additional zone exhibited permit activity that showed overall consistent growth. Generally, growth trends followed suit with the Winnipeg single-detached market, particularly during 1984-87 following the housing market recession.

The R.M. of East St. Paul points to some interesting absorption trends that markedly differ from the other three R.M.'s. Whereas permit activity was, in essence, on par with the R.M.'s of West St. Paul and Springfield prior to 1984, such was not the case between 1984-88. During this latter period, activity abruptly increased -- more than doubling the activity experienced in the next active R. M. of West St. Paul. In fact, East St. Paul accounted for approximately 60% of development activity experienced in the additional zone between 1984-88.

In terms of East St. Paul itself, closer examination reveals that trends were quite dissimilar when comparing unserviced versus serviced lot absorption. Permit activity for unserviced lots has shown relative consistency on an absolute basis both before and following the recession. The only exception is a small jump in 1987 matching the growth spurt evident in the overall single-detached housing market. On the other hand, serviced lot activity was slight prior to 1983 and was surpassed by serviced lot activity in West St. Paul. However, between 1983/84 and 1988, absorption of serviced lots in East St. Paul increased dramatically -- triple the level of unserviced lot absorption in the R.M. and more than triple the level of serviced lot absorption in the R.M. of West St. Paul. By 1988, however, serviced lot activity in East St. Paul had shown a marked decline from an average of about 84 permits over 1984-87 to 54 permits. Nevertheless, the 1988 level still accounted for 40% of total permits issued for serviced/unserviced lots in the additional zone.

In the R.M. of West St. Paul, the absorption rates between serviced/ unserviced lots show a different, somewhat opposite trend. Unserviced lots have exhibited both a steadier and greater growth trend than that which occurred for serviced lots. In particular, unserviced lots maintained a steady pace in 1988, whereas serviced lot permits experienced a dramatic decline (75%) over the prior four year average.

In the R.M. of Springfield, only unserviced lots were absorbed between 1976-88. The number of permits issued annually has been consistent, with no discernable trends in growth or decline evident. Permit activity in Springfield has kept pace with unserviced lot activity in both East St. Paul and West St. Paul, having held at 75% of comparable activity in the latter two R.M.'s.

Activity in the R.M. of Tache (exclusively unserviced lots) has been marginal between 1976-88. The exception was for the period of 1986-87 during which the number of permits issued (21 and 14, respectively) were roughly half of those issued for unserviced large lot development in East or West St. Paul.

iii Major Trends:

In reviewing the number of permits issued between 1976-88 for both the City of Winnipeg and Additional Zone, a number of demand trends are noteworthy. The most relevant relates to the determination of large lot residential growth or activity nodes. In essence, three emerge in and around the City of Winnipeg. The first is west Winnipeg both northerly and southerly of Headingley. This entire area represented the most consistent level of demand over the 1976-88 reference period. The second area is in south St. Vital which has experienced the greatest upwardly growth in the City. This area can be considered to have the greatest demand potential based on trends over the past five years.

The third growth node must be viewed in combination -- East St. Paul and West St. Paul. Permit activity for this area has dramatically surpassed activity elsewhere. Specifically, development has not only accounted for 80% of all additional zone activity, but has achieved a level 325% greater than City of Winnipeg large lot development. The most important trend, however, relates to serviced lot development which becomes a more appropriate point of comparison with Winnipeg large lot development. Serviced lot development in East and West St. Paul had begun to outpace unserviced lot development in the R.M.'s over the last five years (1984-88). Although serviced lot activity (638 permits issued) represented 45% of total activity in the additional zone between 1976-88, it was 120% greater than the total number of large lot residential permits issued for Winnipeg (352) over the same period.

This last point or trend becomes a major focal point when attempting to project large lot residential demand over the long term. Specifically, permit data indicates that households are being attracted to serviced lots in the additional zone to the northeast of the City of Winnipeg over comparable City of Winnipeg large lot areas. What this brings into question is whether in fact the demand for large lot residential development in the additional zone is markedly different from that for the City of Winnipeg in terms of household demand characteristics. In other words, to what extent can it be discerned whether households developing large lots in the additional zone would have otherwise developed on large lots in Winnipeg if the available supply was shifted exclusively to within the City?

One way of establishing this would be to analyze the demand make-up/demographic nature of large lot households or purchasers. Such a profile, unfortunately, does not exist at present (through either standard statistical data sources or user surveys). Consequently, the next stage of this subject analysis is to attempt to correlate large lot residential development trends to general housing market conditions in the City of Winnipeg in order to establish noteworthy parallels and divergences. Through this process, certain assumptions regarding large lot demand characteristics could be entertained.

III Market Correlation -- Large Lot Residential/Winnipeg Single-Detached Housing

i Winnipeg Single-Detached Housing Market:

Between 1976-88, single-detached housing starts totalled approximately 30,500 units or about 2,350 per year on average. Up to the beginning of the general housing market recession (1979-82) starts were averaging between 2,500-3,000 units per year in line with the active growth that the City was experiencing over a 15-20 period.

Between 1979-82 single-detached starts dropped dramatically to an average of 1,250 per year, or a level 55% below the pre-recessionary level. This in itself is the first critical point to duly note. The recession which was marked by peaked interest rates virtually ruled out the development of standard, mid-range of market ownership housing. Much of the housing that was developed was characterized as higher end of market (or higher priced) housing stock that is typically sheltered from high financing cost fluctuations in terms of impacts on demand levels.

Following the recession, housing starts once again increased dramatically. Between 1983-88 average annual starts stood at 2,950 units, surpassing in some years levels achieved in the pre-recession years. This becomes a second critical point in the analysis. This resurgence was predicated on several accounts, most notably:

- The recession created a pent-up or latent housing demand on the part of first time homebuyers, as well as second time homebuyers, who wished to move up to improved housing according to standards of suitability and/or adequacy.

- Interest rates stabilized and entered a period of affordability which underlined the previous point.

- New or modified demand submarkets surfaced. For instance, the "baby-boom" family and non-family submarkets emerged as active market consumers.

Over the last five years, single-detached housing development has been relatively well distributed throughout most areas of the City. However, certain growth nodes have consistently addressed relatively high absorption/demand levels. Submarket areas worth noting include St. Vital, Assiniboine Park, Fort Garry, West Kildonan and Lord Selkirk. East Kildonan is a further submarket that has experienced good growth, albeit not as sustained nor constant.

ii Parallel Trends:

The following parallels in market absorption or demand can be discerned in examining large lot development and suburban single-detached activity.

1. Large lot permit activity in the "additional Zone" achieved a dramatic gain in absolute numbers following the housing recession. The activity peaks closely matched those for Winnipeg single-detached starts in suburban areas. In fact, the drop in large lot permit activity in the additional zone between 1987 to 1988 stood at 34% -- fairly close to Winnipeg's single-detached drop of 29% over the same year.

2. Large lot permit activity in the City of Winnipeg did not necessarily exhibit parallel growth spurts. However, what is worth noting is that large lot absorption or permit activity, overall, did follow in close suit Winnipeg's single-detached starts over the historic reference period between 1976-88. For instance, the drop in large lot development during the 1979-82 general housing market recession definitely paralleled the Winnipeg suburban market. By 1988, the percentage drop in suburban Winnipeg, single-detached housing activity equalled that for large lot activity in Winnipeg.

3. More obvious parallels are present when comparing submarket areas. Specifically, suburban growth areas of St. Vital, Assiniboine Park, West Kildonan/Lord Selkirk, and East Kildonan show similar demand patterns, respectively, to the large lot areas of St. Vital Perimeter South, Headingley area and periphery, West St. Paul, and East St. Paul and Springfield. In many respects, it may be concluded that large lot and suburban

single-detached demand at these locations converge, and sustain a constant level of demand and choice for both development opportunities, i.e., suburban residential and large lot development.

4. In general, the issue of pent-up or latent demand that existed for single-detached housing starts in Winnipeg is not evident insofar as large lot activity. However, a parallel can be found as relates to activity in the additional zone of East St. Paul and to a lesser extent in West St. Paul, in terms of permit activity for serviced lots. Although the supply of serviced lots existed prior to the general housing market recession, permit activity did not emerge in force until after the recession. This points to two explanations. Firstly, latent demand was beginning to be addressed after 1982/83. Secondly, serviced large lot development was being contemplated as an alternative to suburban residential development during the period of general market resurgence.

iii Divergent Trends:

At the same time, differing trends between large lot development and suburban single-detached activity surface.

1. Whereas overall large lot permit activity in the City of Winnipeg followed suburban residential activity on a relative basis between 1976-88, such was not the case for most "large lot residential development" and "hamlet" submarket areas. Growth spurts in these areas were not evident following 1982/83 and, in fact, permit activity was slightly higher (or had peaked) during the mid 1970's. The only exception to this, in part, was the submarket of St. Vital Perimeter South which had the effect of bringing overall large lot permit activity more in line with suburban residential trends over 1976-88.

In light of the above, it may be concluded, in a preliminary manner, that pent-up demand has not influenced large lot development in Winnipeg, although this may be the case for permit activity in St. Vital Perimeter South. Furthermore, because no surges in permit activity occurred during the period of stabilizing or affordable interest rates, the question emerges whether interest rate fluctuations, in fact, may not exert an appreciable influence on large lot demand levels in Winnipeg.

2. With respect to large lot permit activity in the additional zone of Springfield and Tache, it too appears that absorption trends did not compare well to trends evident in Winnipeg's single-detached housing market. Upon closer examination, Tache did experience a dramatic growth surge in 1986/87. However, even this jump far exceeded general market surges in Winnipeg and, accordingly, can only be ruled as an anomaly at this juncture.

   In terms of the period of the general housing market recession, these additional zone submarkets did not experience a drop in activity relative to the suburban Winnipeg market. However, permit activity was not noteworthy in absolute number terms (i.e., 3-13 units) to "scientifically" assess whether in fact these submarkets were and are sheltered from standard demand influences evident in either the general City of Winnipeg housing market (or even the submarkets in East and West St. Paul).

IV Primary Variables

For purposes of establishing demand estimates or forecasts, it is necessary to first outline a set of assumptions that provide parameters to contain these numbers. These assumptions are based on a determination of key variables considered to be most influential in large lot residential development. As well, it is important to note key variables that are perceived to exert little influence on large lot residential development, although they may widely influence the standard housing market.

i General City of Winnipeg/Additional Zone:

1. Pent-Up or Latent Demand: Pent-up demand for single-detached housing was a primary variable influencing the abrupt resurgence in Winnipeg housing starts in the period following the 1979-82 housing market recession. It is assumed, however, that this was not the case as regards large lot residential development. Therefore, latent demand is not seen as an issue in respect of future demand for large lot residential over the next twelve years. The only exception to this might be as follows. Should the supply of larger, suburban single-detached lots (e.g., lots of 100+ frontage) not keep pace with high end of market demand, then a percentage of this demand may direct itself to large lot residential developments as an alternative. In essence, this is a variation on "latent demand" as a determining variable. For purposes of the subject demand forecasts, it is assumed that the City of Winnipeg will be able to address

high end of market, suburban demand, and that only a very small percentage of this will be redirected to large lot residential developments.

2. General Economic Fluctuations: Absorption rate analysis has shown that large lot residential demand has been largely sheltered from dramatic changes in both the housing market and the general economic environment. It is difficult, without detailed analysis of the nature of existing large lot demand, to ascertain whether these households are in fact impervious to economic changes or are adamant (at any cost) in choosing a large lot residential lifestyle. It will be assumed, therefore, that future demand for large lot residential will be influenced only marginally, by the possibility of general economic fluctuations. However, this is not intended to ignore the fact that the development of further supplies of large scale, large lot residential subdivisions will likely be curtailed by developers should the economy take another downturn.

3. Interest Rates: This most critical variable to a discussion of the general housing market, appears to have exhibited little impact on large lot residential development in the additional zone. It also seems to have influenced large lot residential development in the City of Winnipeg to an average extent -- i.e., definitely not negligible but far from being a minor influence either.

4. Lot or Land Costs: Analysis of available lot absorption data leads to an initial conclusion (or hypothesis) that the lesser land development costs associated with large lot residential do not appear to have influenced or redirected an increasing level of demand to large lot residential versus suburban residential. However, it should be emphasized that the flurry of large lot residential activity in the post recession period consisted of serviced as opposed to unserviced lots. This situation in itself becomes one of the more critical questions -- remaining largely unanswered. That is, is the increasing demand for serviced lots indicative of a change in the nature of demand? Simply put, absorption data leads to a possible indication that because demand is now more "serviced lot" based, this demand may be characterized by households who ordinarily would not have chosen a rural lifestyle (on unserviced lots), but have viewed large lot residential as an <u>alternative</u> to

suburban residential. Consequently, for purposes of this analysis, it will be assumed that demand for large lot residential will continue to be more in favour of serviced lots. Furthermore, demand for serviced lots will correlate in general terms to the projected demand for suburban residential development in the City of Winnipeg.

5. Household Type and Income: These are the two most important variables that would likely influence demand levels. However, because they are "missing" with respect to lack of available (survey) data, certain assumptions must be made, nevertheless, in order to permit the generation of demand projections.

   Large lot residential activity increased dramatically in the post recession. In Winnipeg, suburban residential also increased sharply especially among young families with children. Therefore, it is assumed that the typical large lot residential demand is among young family households. Accordingly, should the demand for housing on the part of young families begin to lessen, then the demand for large lot residential should begin to decline somewhat. In general, an aging population for Winnipeg may reduce future demand for standard single-detached units in that it should have already peaked.

   In terms of income, because interest rates do not appear to be a major determining or influencing factor, this analysis will assume that the demand for large lot residential will continue to be characterized by households of higher than average incomes. This assumption is an important note in that demand levels for large lot residential may be expected to decrease at a slower rate than would likely be the case for demand decreases for the general Winnipeg single-detached market.

6. Policy Related Influences: Generally, it has become apparent that large lot residential is almost exclusively "purely" demand based as opposed to needs based. This implies that should large lot residential developments not be available or in supply, the demand for such would be readily redirected to suburban residential locations or rural settlement centres, in all likelihood. Therefore, demand for large lot residential is apt to be sensitive to policy influences such as land use guidelines or zoning/development restrictions. For purposes of the analysis, it is assumed that evolving large lot residential policies will be a minor influencing variable -- i.e., omitted in large part from the projection calculations.

ii Geographic Specific Variables:

Briefly, it is important to make particular note of major demand surges that manifest themselves in certain geographic areas.

In the City of Winnipeg, it will be assumed that large lot residential demand will become even more focused in south Winnipeg -- St. Vital Perimeter South -- and in west Winnipeg in and around the Headingley area north and south. It is highly conceivable that these primary large lot residential areas will continue to be identified as the representative large lot development nodes. Furthermore, the following demand projections will assume that demand will be directed (to the extent possible) towards these locations.

Within the additional zone, based on current market indicators, continued and relatively sustained demand levels are assumed to occur throughout the 1990's for the areas of West and East St. Paul. A rudimentary examination of unit values points to the fact that the type of demand (household income, etc) largely found in these two areas is higher end of market. Accordingly, it is assumed that this will be able to sustain itself.

V DEMAND ESTIMATES

The following tables provide an indication of demand as projected over a 13 year reference period -- 1989 to 2001.

Table 2 provides projections for the key large lot residential, growth areas within the City of Winnipeg. It should be duly noted that the two growth nodes of Headingley and St. Vital Perimeter South have been subjected to considerable growth pressure over the past few years. It is highly likely that these two areas will be the subject of considerable land use/development pressure and policy influences over the next 5+ years. Consequently, the demand projections as presented may be open to considerable fluctuation.

Table 3 provides demand projections pertaining to the "additional zone" lands contained within the respective R.M.'s. It should be stressed that demand estimate ranges have been made flexible (i.e., top end of range may be 15-20% greater than bottom end of range for certain 'cells'). This was necessary, in particular, as relates to the R.M.'s of East and West St. Paul where demand may be influenced (in part)

pursuant to the availability of serviced versus unserviced lots. In both R.M.'s, demand could be expected to remain relatively constant for unserviced lots even in terms of declining demand (i.e., a consistent and constant rate of decline). However, demand for serviced lots appears to have been influenced, albeit partially, by general economic/market trends and consumer "faith".

Table 4 provides the combined demand projection figures.

Generation of the following demand projections could not be undertaken using standard arithmetic or geometric projections because the demand history did not appear to have followed such trends over the past 13 years. Therefore, a combination of these projections, tempered with interpretation of the previously noted variables was utilized. The bottom end of the demand ranges are intended to signify the results of greater influences by the primary variables as noted prior. In addition, it has been recognized that anticipated decreases in general market demand may become (and in fact will likely become) a greater influence or factor than has been the case over the past 5-10 years. The higher end of the ranges will signify the negligible presence of influences. At this end of the range, demand will more closely follow trends evident over the past 13 year, historical reference period.

For all areas, projected demand between 1989-2001 will require 1,453-1,635 large lots, or an annual average of 112-126. This is estimated at a level of 8-18% under the level of 1,775 achieved between 1976-1988. Demand is expected to peak over the next 3 years (1989-1991) at between 146-160 lots/permits per year, dropping to 114-135/year between 1992-1996, and 89-96/year between 1997-2001. The greater drop realized during 1997-2001 is typical of the large decline in overall housing need and demand expected during this period.

TABLE 2: DEMAND PROJECTIONS FOR LARGE LOT RESIDENTIAL IN THE CITY OF WINNIPEG: 1989-2001 (PERMITS/LOTS)

(Based on Current 9 development areas within City boundaries)

Area	1989-1991	1992-1996	1997-2001	Total 1989-2001
St. Vital Perimeter South Area	30-39 (10-13/yr)	45-55 (9-11/yr)	35 (7/yr)	110-129 (8.5-10/yr)
Headingley Area (South; South Perimeter West)	24-27 (8-9/yr)	30-35 (6-7/yr)	25 (5/yr)	79-87 (6-6.7/yr)
South Transcona	12 (4/yr)	15 (3/yr)	5 (1/yr)	32 (2.5/yr)
Remaining Areas*	12 (4/yr)	10 (2/yr)	5 (1/yr)	27 (2/yr)
Total All Areas	78-90 (26-30/yr)	100-115 (20-23/yr)	70 (14/yr)	248-275 (19-21/yr)

* Excluding South Fort Garry, i.e., Turnbull Drive Area.

TABLE 3: DEMAND PROJECTIONS FOR LARGE LOT RESIDENTIAL IN THE ADDITIONAL ZONE: 1989-2001 (PERMITS/LOTS)

Area	1989-1991	1992-1996	1997-2001	Total 1989-2001
East St. Paul	195-225 (65-75/yr)	250-300 (50-60/yr)	200 (40/yr)	645-725 (50-56/yr)
West St. Paul	105 (35/yr)	150-175 (30-35/yr)	125-150 (25-30/yr)	380-430 (29-33/yr)
Springfield	45 (15/yr)	50-65 (10-13/yr)	40-50 (8-10/yr)	135-160 (10-12/yr)
Tache	15 (5/yr)	20 (4/yr)	10 (2/yr)	45 (3.5/yr)
Total, All Areas	360-390 (120-130/yr)	470-560 (94-112/yr)	375-410 (75-82/yr)	1205-1360 (93-105/yr)

TABLE 4: DEMAND PROJECTIONS C/W & ADDITIONAL ZONE: 1989-2001 (PERMITS/LOTS)

Area	1989-1991	1992-1996	1997-2001	Total
C/W:	78-90 (26-30/yr)	100-115 (20-23/yr)	70 (14/yr)	248-275 (19-21/yr)
ADD. ZONE:	360-390 (120-130/yr)	470-560 (94-112/yr)	375-410 (75-82/yr)	1205-1360 (93-105/yr)
TOTAL:	438-480 (146-160/yr)	570-675 (114-135/yr)	445-480 (89-96/yr)	1453-1635 (112-126/yr)

DEMAND FORECASTING METHODOLOGY

PART B: RURAL MUNICIPALITIES IN STUDY AREA

I RURAL RESIDENTIAL ABSORPTION RATES

i Overview of Rural Municipalities:

Note: As data was not available for 1988, the historical reference period of 1976 to 1987 or a twelve year span will be utilized for Part B of the analysis.

Over a twelve year period between 1976 and 1987, a total of 4,706 building permits were issued for the development of single-detached dwellings on rural residential lots contained in the following Rural Municipalities: Springfield (outside Additional Zone), Tache (outside Additional Zone), Ritchot, Macdonald, Cartier, St. Francois Xavier, Rosser, St. Andrews (river lots), and St. Clements (river lots). In many respects, a comparison to Winnipeg's single-detached starts level over the same period is not an overly legitimate exercise, as was the case for Part A of this analysis. Rural residential development in the subject R.M.'s was likely representative of a more differing consumer base than were the rural residential areas noted in Part A. Nonetheless, given that rural residential development is more concentrated in R.M.'s peripheral to the City of Winnipeg, a comparison would point to the magnitude of rural residential as a "phenomenon" or lifestyle choice.

Between 1976-87 the City of Winnipeg recorded 27,995 S.F.D. housing starts. The level of 4,706 permits issued for rural residential development, therefore, stood at approximately 17% of Winnipeg starts on a relative basis. Likewise, of a combined total of 32,700 starts/permits for the City and the subject R.M.'s, the split stood at 14.5%/85.5% R.M.'s/City of Winnipeg.

Based on the above and on the levels of rural residential development noted in Part A, one might begin to conclude that demand for rural residential development has been a noteworthy force over the past 12 years. Furthermore, given the extent of development (i.e., permits issued) relative to the City, it should become obvious that rural residential demand is not a passing trend or time defined anomaly. Rather, this type of housing demand should continue to be a consistent source of demand for new housing.

TABLE 5: PERMIT ACTIVITY -- RURAL RESIDENTIAL DEVELOPMENT (1976-87)

Year	Springfield	Tache	Ritchot	Mac-Donald	Cartier*	St. Francois Xavier	Rosser	St. Andrews	St. Clements	A: Total	B: C of W S.F.D. Hsg Starts	A/B%
1976	124	81	10	40	9	7	10	159	107	547	2,927	18.7%
1977	261	49	24	30	15	14	7	125	101	626	2,424	25.8
1978	154	85	11	26	8	10	6	124	122	546	2,485	22.0
1979	72	65	6	13	12	5	6	84	74	337	1,514	22.3
1980	57	33	2	17	10	6	4	71	60	250	1,000	25.0
1981	69	21	5	10	14	5	3	100	76	303	1,793	16.9
1982	58	18	5	15	13	4	5	66	42	226	731	30.9
1983	93	44	6	7	13	3	9	76	59	310	2,759	11.2
1984	95	42	15	6	13	5	3	86	60	325	2,564	12.7
1985	112	30	19	17	13	5	6	81	75	358	2,946	12.2
1986	109	35	24	29	14	12	4	102	96	428	3,256	13.1
1987	126	41	22	33	15	12	12	87	102	450	3,596	12.5
Total:	1,330	544	149	233	149	91	75	1,161	974	4,706	27,995	/
Annual Average	111	45	12	19	12	8	6	97	81	392	2,333	16.8%
% of Total R.M.'S:	28%	11%	3%	5%	3%	2%	2%	25%	21%	100%		

* 1981-86 figures are estimated breakdowns of combined 1981-86 figures of 80 permits issued.

Absorption levels as a whole for the nine subject rural municipalities have shown a relative consistency over the 12 year reference period. Of course, one must bear in mind the effects of the 1979-82 housing market recession. Prior to 1979, the absorption level averaged out to about 575 permits per year. During the recession, average absorption had fallen to about 280 permits or a decrease of slightly over 50%. This very closely matched the 51% decrease in average annual starts that Winnipeg experienced over the same timespan.

Following the recession (1983-87), the annual average absorption for rural residential development climbed up to 375 units. Although this was well under the pre recession level of 575 units, the annual levels were exhibiting a steady increase -- from 310 permits in 1983 up to 450 permits in 1987. At this juncture in the analysis, two interpretations of the data are possible. First, higher levels of demand prior to the housing market recession may have been indicative of the fact that the bulk of rural residential demand was being or had been addressed. Accordingly, rural residential permit activity might ultimately rebound to near pre-recession levels.

A further examination of rural residential permit activity relative to Winnipeg starts might yet provide another interpretation. As Table 5 illustrates ("A/B%" column) total rural residential permits issued relative to City of Winnipeg numbers show that between 1977-80, rural residential development had a magnitude of approximately 24% compared to City of Winnipeg starts. In fact, for 1982 this had jumped dramatically to 31%. The following conclusions are likely:

1) Rural residential demand was somewhat sheltered from the effects of the general housing market recession relative to Winnipeg.

2) Any decrease in rural residential demand between 1979-82 may be attributed to a lessening in pent-up demand at a time when, in fact, pent-up demand in Winnipeg was increasing dramatically. (Of worthwhile note, in two of the four recessionary years, rural residential development achieved levels only 3-5% under the absorption levels achieved in the three years following the housing market recession.)

ii Submarket Areas:

Table 5 illustrates the annual permit activity for the study area contained within the nine subject rural municipalities. Of the nine R.M.'s, four emerge as worthy of particular attention in that these have accounted for 85% of the total permits issued for rural residential development. The R.M.'s of Springfield and Tache together have accounted for 39% of activity which is not surprising given that portions of these R.M.'s lie within the City's "Additional Zone". The R.M.'s of St. Andrews and St. Clements have experienced 46% of activity based on their positioning in the Selkirk "Corridor".

Springfield has experienced the greatest activity at 1,330 permits, representing 28% of total permits issued between 1976-87 for the nine R.M.'s. Of all the R.M.'s, rural residential development in Springfield has followed general housing market trends most closely. Activity both decreased and increased abruptly at either end of the housing market recession. Although absorption following 1982 had been about 35% under pre 1979 levels, it had shown a consistent increase between 1983-87, with the 1987 level of 126 permits exceeding the annual average of 111.

At 544 permits, Tache has accounted for 11% of total activity. It is interesting to note that absorption showed a steady annual decline between 1978 to 1982. Following the housing recession, permit activity had been somewhat constant, although never having rebounded to activity levels achieved even during the beginning of the recession. Absorption over the last eight years has been almost 30% under the annual absorption average between 1976-87.

Within St. Andrews and St. Clements, rural residential absorption levels have maintained momentum in absolute number terms relative to the other R.M.'s (except for Springfield). Not only has this combined area yielded about 46% of total permit activity, but when combined with the R.M.'s of East and West St. Paul (Part A), the corridor has constituted just over 52% of rural residential permits issued throughout the R.M.'s, additional zone and City of Winnipeg. In terms of concentrated rural residential development, both submarket areas can be considered to have represented the primary growth nodes for such development throughout the rural municipalities. Although permit activity in the

R.M. of St. Andrews has not rebounded to pre 1979 levels, activity between 1979-87 has been about the most consistent among the nine subject R.M.'s. For instance, average annual absorption stood at 84 permits during this period with most years fluctuating only 6-8% from the annual average. Considering the absolute level of activity in the R.M. over the entire historical reference period, it may be concluded that this R.M. has attracted or maintained a relatively constant demand base. On the other hand, the R.M. of St. Clements had not exhibited what could be considered as relatively stable absorption. However, it had experienced a relative surge in absorption in 1986 and 1987, closely matching the absorption levels achieved prior to the housing market recession. In fact, St. Clements is the only submarket area that has rebounded, almost fully, to pre 1979 activity.

Of the remaining five rural municipalities, permit activity in the submarket of Macdonald is worth noting if only in regard to its magnitude relative to the other four. Macdonald accounted for 233 permits or 5% of the total issued for the nine R.M.'s between 1976-87. After 1978 the rate of lot absorption dropped by about 45%. Absorption rebounded only after 1985. It appears that permit activity is now on an increase, however, a two year period is insufficient to denote a trend.

Absorption in the R.M. of Ritchot is worth mentioning insofar as the impact of the housing market recession. Between 1979-83, activity levels sharply fell to less than half of the annual average absorption rate for the R.M.. Absorption levels on an annual basis are not of the magnitude to warrant lengthy analysis nor definitive conclusions. However, because Ritchot appeared to be impacted so strongly by the recession, it is likely that respective demand for this submarket is of a type generally sensitive to economic fluctuations or declines.

The R.M.'s of Cartier, St. Francois Xavier and Rosser in combination only constituted about 7% of total permit activity. Albeit demand or absorption has been somewhat consistent, demand has shown no upward or increasing pressure and will likely continue to represent only a margin of total rural residential demand.

iii History of Demand -- Major Trends:

In reviewing permit activity for the nine rural municipalities between 1976-87, several demand trends are worth noting. The most relevant to this analysis relates to the establishment of rural residential growth centres or demand nodes. Four demand nodes, in essence, emerge around the City of Winnipeg or in the peripheral rural municipalities. By and large, when considering where the bulk of development has occurred and may be expected to occur, two relatively large geographic demand areas may be considered to have fused. The first and largest is the "Selkirk Corridor" vicinity to the northeast of Winnipeg. St. Andrews and St. Clements must be viewed conjointly insofar as demand appears to have exhibited similar or parallel characteristics. Cursory reviews of real estate listings/sales, in fact, have often shown this to be the case. As has been previously mentioned, when taking into consideration activity evident in East and West St. Paul, total lot absorption has shown very consistent and strong demand that is very much in a growth mode.

Springfield has experienced the greatest growth, largely proximate to the Birdshill Provincial Park area. In many respects, this area should be viewed in combination with the St. Andrews/St. Clements submarkets. Together these three submarkets have generated close to 75% of permit activity. Accordingly, when viewed together with the absorption data discussed under Part A, the most noticeable trend regarding all rural residential development has been for sustained and continued growth for this quadrant of the entire study area.

The R.M.'s of Tache and Ritchot are the third and fourth demand nodes that fuse into the second geographic demand market to the southeast of Winnipeg. As with the first demand market, this combined area continues a trend that physically begins in Winnipeg, i.e., St. Vital Perimeter West submarket. It should be duly pointed out that this second area has constituted less than 15% of permit activity for the nine R.M.'s. Nevertheless, demand has proved to be consistent, albeit with slight growth movement evident.

A further discernable trend relates to overall growth patterns. When total permit activity is considered, one readily notes that since 1982, lot absorption has steadily increased and often at an even rate. Upon closer examination, it is apparent that growth for all of the R.M.'s has not occurred at the same time

(on a year-to-year basis) nor across the board, except at two periods. The first was in 1983 following the recession and the second appeared in 1986 at the peaking of the general housing market.

iv Absorption Relative to Winnipeg and Additional Zone:

The limited or negligible data base on demand characteristics necessitated a comparison in Part A between the general Winnipeg housing market and rural residential development in the City and its additional zone. The correlation of trends helped to establish possible demand indicators and characteristics. Likewise, because data is limited or missing for demand influences and characteristics within the rural municipalities, it is deemed to be useful to examine the (non) similarity between absorption trends in the R.M.'s and Winnipeg/Additional Zone. The following are considered to be the key points of comparison.

Although permit activity in the R.M.'s had shown an upward movement following the housing recession, levels had not yet rebounded to pre 1979 activity. However, the opposite is very much the situation for the City/Additional Zone where levels had at least rebounded to pre-recessionary levels. In certain submarket areas, levels had recently exceeded pre 1979 activity. In fact, whereas City/Additional Zone activity had not exhibited exacting parallel growth spurts to the general Winnipeg single-detached market, it had nonetheless followed in close suit general patterns evident over the historic reference period. Such was not the case for activity in the R.M.'s. That is, the relative magnitude of activity levels before and after the housing market recession had shown a definite reverse trend -- higher absorption in the R.M.'s during pre 1979 versus higher absorption in the general market and City/Additional Zone during the post 1982 period.

During the analysis of the City/Additional Zone, a question emerged whether in fact rural residential was being viewed as an alternative to suburban development. That is, was a degree of demand being shifted across competing markets? Although this might be seen as a likely scenario for this area, such is likely not the case as relates to demand within the rural municipalities. The absorption patterns generally point to the fact that it is likely a certain degree of rural

residential demand, in fact, may have been "redirected" to Winnipeg or to existing communities following the outset of the housing market recession.

The issue of pent-up or latent housing demand does not appear to have emerged insofar as absorption trends for both the Rural Municipalities and the City/Additional Zone. This fact is noteworthy as being one of the few direct parallels between both study sub-areas.

II MARKET CORRELATION -- RURAL RESIDENTIAL/GENERAL SINGLE-DETACHED HOUSING MARKET

In terms of any analysis regarding the general housing market in Manitoba, the state of the City of Winnipeg housing market is most often used as a barometer or benchmark. Accordingly, for purposes of Part B of this analysis, the discussion of the Winnipeg S.F.D. market under Part A (page 7) should be used as a reference.

i Parallel Trends:

The following parallels between lot absorption or demand in the R.M.'s and general housing market activity are deemed most critical to this analysis.

1. The more consistent rural residential development activity occurred in those areas around Winnipeg that were closely aligned or matched to generally high demand or growth areas in the City of Winnipeg. Specifically, absorption in St. Andrews could be construed in a manner of speaking as having been part of overall demand for that quadrant of the City where demand was strong in the Lord Selkirk/West Kildonan submarket area. Likewise, Springfield followed East and North Kildonan, and Tache/Ritchot followed the demand surges in south St. Vital/south St. Boniface.

2. Although rural residential development appears to have been sheltered to some extent from the same impacts as affected the general housing market during the recession, a definite parallel can be established. Between 1978 and 1979 (year one of the housing recession) activity in the R.M.'s dropped by 38.5% -- almost exacting the 39.0% drop in activity for the Winnipeg single-detached market.

3. Although overall absorption in the R.M.'s had not rebounded to pre recessionary levels, a parallel did exist with respect to activity levels in St. Clements and Springfield. Within these two R.M.'s, absorption by the mid 1980's was beginning to rebound to pre 1978/79 levels. This parallel in itself is of critical regard in that it points to the possibility that rural residential demand in St. Clements and Springfield might be influenced in a similar fashion to the general housing market.

ii Divergent Trends:

The following are considered representative of the most critical differing trends.

1. Rural residential permit activity in the R.M.'s never did rebound during 1983-87 to the pre 1979 levels. The general housing market had exceeded on the other hand, pre 1979 levels by over 15% on average. This points to the fact that latent demand was not a factor influencing housing demand in the R.M.'s.

2. Rural residential absorption, however, had begun to rebound at an earlier point (i.e., 1981) than had the general housing market (i.e., 1983). Initially, this may lead to an interpretation that rural residential demand is better able to resurge from market malaise, or that demand is less elastic in nature. A further explanation points to the possibility that rural residential demand simply might have peaked by the mid to late 1970's and that any current or near-future resurgence may in fact prove to be an anomaly.

III PRIMARY VARIABLES

The following variables are considered to be the most influential insofar as rural residential development. As well, full recognition of normally key general market variables that are perceived to exert little influence on rural residential demand, are critical in firming up, as much as is possible, demand projections. Further elaboration of these variables may be found in Part A (pages 10-12), as only basic manifestations of the variables are noted below.

i Rural Municipalities in General:

1. Pent-Up or Latent Demand: This variable has not been found to have influenced overall rural residential lot absorption trends over the twelve year historical reference period. Therefore, it is not considered to be a determining factor in respect of demand over the next thirteen years. It is conceivable should the land supply "dry up" in established markets such as Selkirk, that a percentage of lot demand may direct itself to rural residential developments. However, without detailed information on rural residential household characteristics, it is virtually impossible to predict this possibility in any event. It will be assumed that rural residential will not be impacted by the above.

2. General Economic Fluctuations: Overall, past trends illustrate that rural residential absorption has been only marginally impacted by dramatic housing market and general economic changes. As in Part A. without detailed household/demographic analysis, it is hard to establish the true nature of economic influences. More so than is likely the case for rural residential demand in the City/Additional Zone, demand within the R.M.'s is likely constant and more "wed" to this tenure as a lifestyle choice. Therefore, absorption data certainly leads to speculation that rural residential demand typically shelters itself from general economic influences, regardless perhaps of financial propensity to do so.

3. Interest Rate: Absorption levels achieved in 1982 -- the peaking of interest rates -- suggest that interest rates may be a key determining factor. This in itself is puzzling when assessed in relation to the previous point (2.). Exactly why this has occurred cannot be entertained without detailed data on household characteristics. In Winnipeg, 1982 saw a dramatic decline in the construction of top end of market houses that were normally directed at households with incomes that would be sheltered from the effects of interest rate destabilizing. A myriad of possible or probable explanations could be considered. For purposes of demand projections, this variable will be taken into account <u>only as a possible</u> ongoing influence, because the period of interest rate stabilization (1985-87) generally does not appear to have influenced a resurgence in rural residential absorption!

4. Lot or Land Costs: Because respective data and figures on permits issued for serviced versus unserviced lot were not readily available, it is not possible to ascertain the degree of influence that this variable may bear on future lot absorption trends. Therefore, this standard variable will not be factored into the demand projections.

5. Household Type and Income: Although information is not readily available, owing to the fact that these are the two most critical variables, certain assumptions or speculations must be made in order for demand projections to be formulated. Relating to income, because interest rate peaks might have influenced a decrease in demand and because the interest rate trough did not cause a demand surge, typical market analysis would lead to the conclusion that the average demand base is characterized by incomes on par with the average housing market i.e., 2nd to 4th quintiles of middle income range. This is an important assumption insofar as the likelihood that rural residential demand may be expected to decrease at about the same rate as is expected for the general single-detached market, and at a faster rate than for comparable development in the City/Additional Zone.

   Demand trends between 1976-87 do not readily lead to any speculation as to household composition. Therefore, with a relative degree of apprehension, household type will not be factored into the projections that follow. This will raise, accordingly, the degree of error for the resultant demand projections.

ii Geographic Specific Variables:

Normally, a market analysis would single out demand fluctuations, especially surges, that direct themselves to or within particular geographic locations of the study area. Within the subject nine rural municipalities, it will be assumed that rural residential demand will become even more concentrated in three submarkets -- Springfield, St. Andrews and St. Clements forming a primary cluster of activity. Although demand is anticipated to decline at a steady rate overall, the rate of decline with respect to this cluster is apt to occur to a lesser degree relative to the remaining six R.M.'s.

IV DEMAND ESTIMATES

Table 6 provides an estimate of rural residential demand projected over a 13 year period between 1989 to 2001. Because the effects of several key variables, such as household income and size, could not be assessed owing to the lack of data, the demand projections are open to the possibility of error. This is especially true as relates to the 1997-2001 demand period or years 9 through 13.

As with the projections contained in Part A, formulation of the following demand forecasts could not be developed through standard statistical procedures. Because absorption trends had been manifested in unlike manners among most of the rural municipalities, a constant demand projection method could not be entertained. Therefore, a series of modified arithmetic, geometric and relative projections were used, coupled with an interpretation of the primary variables/influences that were considered to pertain to each of the R.M.'s.

To begin the process, it has been fully recognized that expected decreases in general housing market demand is likely to become a greater overall influence than appears to have been the case over the past 5+ years. Accordingly, it has been assumed total rural residential demand between 1989-2001 will decrease by about 20%. The 1976-87 annual average of approximately 390 permits decreases to a 1989-2001 average of 312 permits per year. In general, annual average demand levels projected for the 1989-91 period were closely aligned with annual average levels achieved in the post recession years between 1983-87. As an overall assumption, this analysis has acknowledged that rural residential demand is at least, in part, influenced by economic fluctuations and declining demographic based demand. Accordingly, the projections anticipate a sharper decline or decrease in demand during the 1997-2001 than during 1992-1996.

For all nine rural municipalities, projected demand between 1989-2001 would require in the order of 4,058 rural residential lots or an average of 312 per year. Demand ranges from an annual average of 91 lots in Springfield or 29% of total demand to a low of 3 lots per year in Rosser or 1% of the total.

TABLE 6: DEMAND PROJECTIONS FOR RURAL RESIDENTIAL DEVELOPMENT IN PERIPHERAL RURAL MUNICIPALITIES: 1989-2001 (PERMITS/LOTS)

*Bracketed figures represent annual averages.

AREA	1989-1991	1992-1996	1997-2001	TOTAL	% DISTRIBUTION 1989-2001	% DISTRIBUTION 1976-1987
Springfield	312 (104)	465 (93)	400 (80)	1,177 (91)	29.0%	28.3%
Tache	108 (36)	155 (31)	122 (24)	385 (30)	9.5%	11.5%
Ritchot	51 (17)	50 (10)	20 (4)	121 (9)	3.0%	3.1%
Macdonald	66 (22)	80 (16)	40 (8)	186 (14)	4.5%	4.8%
Cartier	33 (11)	40 (8)	25 (5)	98 (8)	2.5%	3.1%
St. Francois Xavier	21 (7)	25 (5)	15 (3)	61 (5)	1.5%	2.0%
Rosser	15 (5)	15 (3)	10 (2)	40 (3)	1.0%	1.6%
St. Andrews	261 (87)	415 (83)	400 (80)	1,076 (83)	26.5%	24.7%
St. Clements	234 (78)	370 (74)	310 (62)	914 (70)	22.5%	20.8%
TOTAL	1,101 (367/yr)	1,615 (323/yr)	1,342 (268)	4,058 (312/yr)	100.0%	100.0%

APPENDIX E
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